USAID Small and Medium Enterprise Activity

Annual Progress Report
October 1, 2019 to September 30, 2020

Submission Date: October 30, 2020

USAID SMALL AND MEDIUM ENTERPRISE ACTIVITY (SMEA)

ANNUAL PROGRESS REPORT
OCTOBER 2019 – SEPTEMBER 2020

Contract No. AID-391-C-17-00003

CONTENTS

ACRONYMS

A2F	Access to Finance
ACS	Additional Chief Secretary
ADR	Alternative Dispute Resolution
AMEP	Activity Monitoring and Evaluation Plan
B2B	Business to Business
B2C	Business to Consumer
BBoIT	Balochistan Board of Investment and Trade
BEE	Business Enabling Environment
BDS	Business Development Support
BDSP	Business Development Service Provider
BRC	British Retail Consortium
BRD	Business Risk Department
BSI	Business Social Compliance Initiative
CE	Competitiveness Enhancement
CF	Challenge Fund
CTPAT	Customs-Trade Partnership Against Terrorism
DMA	Digital Marketing and Advertising
EOI	Expression of Interest
ERP	Enterprise Resource Planning
ESF	Economic Support Fund
FTE	Full Time Employment
GB	Gilgit Baltistan
HACCP	Hazard Analysis and Critical Control Point
ICT	Information and Communications Technology
ICRU	InstaCare Corona Response Unit
IPA	Investment Promotion Agencies
ISO	International Organization for Standardization

KP	Khyber Pakhtunkhwa
KPCTA	Khyber Pakhtunkhwa Culture and Tourism Authority
MOIP	Ministry of Industries and Production
MSMEs	Micro, Small and Medium Enterprises
NMDs	Newly Merged Districts
P&D	Planning and Development
PAC	Pakistan Agriculture Coalition
PADSS	Payment Application Data Security Standard
PCIDSS	Payment Card Industry Data Security Standard
PIFFA	Pakistan International Freight Forwarders Association
PKR	Pakistani Rupee
PPE	Personal Protection Equipment
PSI	Private Sector Investment
PTM	Pakistan Travel Mart
RFA	Request for Applications
RFP	Request for Proposals
SBP	State Bank of Pakistan
SEDEX	Supplier Ethical Data Exchange
SEO	Search Engine Optimization
SEZ	Special Economic Zone
SID	Sindh Investment Department
SIV	Specialized Investment Vehicle
SMEs	Small and Medium Enterprises
SMEA	Small and Medium Enterprise Activity
SMEDA	Small and Medium Enterprise Development Authority
SMM	Social Media Marketing
SOP	Standard Operating Procedure
SoW	Scope of Work

TCHA	Tourism and Culture Heritage Authority
TEC	Technical Evaluation Committee
USD	United States Dollar
USG	United States Government
USAID	United States Agency for International Development
WCCI	Women Chambers of Commerce and Industries
WLBs	Women Led Businesses
WRAP	Worldwide Responsible Accredited Production

SMEA AT A GLANCE

Project Data Sheet	
Reporting Office	USAID Economic Growth and Agriculture Office
Country	Pakistan
Project Name	USAID Small and Medium Enterprise Activity (SMEA)
Prime Managing Contractor	Chemonics International Inc.
Subcontractors	Semiotics Consultants (Pvt.) Ltd. J.E. Austin Associates Inc.
Contract Number	Contract No. AID-391-C-17-00003
Total Contract Value	USD 34,836,223
Key Program Dates	Project's Implementation Period	December 1, 2016 – November 30, 2021
SMEA Goal	To improve the competitiveness of Pakistani SMEs.
SMEA Objectives and Sub-Objectives	**Objective 1: Improved Business Enabling Environment (BEE)** Sub-objective 1.1: Improved Government of Pakistan's ability to develop and implement reforms of policies, laws, and regulations Sub-objective 1.2: Strengthened private sector and civil society engagement in policy-making **Objective 2: Improved Economic Performance of Focus Enterprises** Sub-objective 2.1: Improved economic performance in select sectors. Sub-objective 2.2: Improved technological readiness and innovation Sub-objective 2.3: Increased access to markets Sub-objective 2.4: Increased access to finance Sub-objective 2.5: Enabled women SMEs run profitable businesses
Geographic Focus:	Nationwide, Pakistan

EXECUTIVE SUMMARY

During FY 2019-20, USAID Small and Medium Enterprise Activity (SMEA) continued to support Small and Medium Enterprises (SMEs) across the country by expanding its programmatic outreach to achieve long-term development results. The project helped SMEs in turning their creative ideas into innovative solutions through its Challenge Fund (CF) grants, enhanced their competitiveness through training and provision of business development services through the Competitive Enhancement (CE) component, and implemented activities to help the federal and provincial governments strengthen the business enabling environment (BEE) for enterprises. This Annual Report highlights the progress and results achieved, provides an overview of programmatic activities in various regions across SMEA's six targeted sectors and for women-led businesses (WLBs), and highlights priority areas which can be further strengthened and sustained beyond the life of the project.

A total of **722** unique SMEs benefitted from SMEA's assistance across the country during this year, **59** percent of whom were women-owned/led enterprises from different sectors. As a result, **11,522** full-time or part-time employment opportunities were created. When converting these numbers into Full-Time Equivalent (FTE), per USAID requirements, SMEA helped create **2,825 FTE** jobs (**1925** male and **900** women). This was a significant contribution considering the sluggish conditions prevailing in Pakistan's economy due to COVID-19, and with SMEs bearing the brunt of the slowdown. Sales and exports by partner SMEs increased after receiving Business Development Services (BDS) support. SMEs receiving grant funding and BDS support recorded a **35** percent increase in their overall sales and a **47** percent increase in export sales. The value of incremental sales attributable to SMEA is USD **27** million, including USD **17** million incremental exports.

COVID-19

On March 18, 2020, in view of the rapid spread of COVID-19 globally and in Pakistan and based on advice provided by Chemonics' Business Risk Department (BRD) to protect and secure staff, SMEA staff began working from home. Staff used all available tools to work from home without any major disruptions to the project's ongoing activities. Due to health risks and the Government of Pakistan's restrictions on public gatherings and social distancing requirements, most in-person SMEA events were no longer possible. To help mitigate these challenges and to ensure that project initiatives remained on track, SMEA quickly adapted and used online platforms for organizing virtual events and trainings. To the extent possible, this not only helped keep project initiatives on track but also lifted the morale of entrepreneurs running small businesses during COVID-19 lockdowns, especially WLBs. Overall, very few activities were delayed, and some initiatives had to be substituted with those that were more responsive to the crisis.

To keep USAID informed of all the activities that SMEA undertook and the adjustments it had to make in response to COVID-19, the project submitted weekly post COVID-19 reports. These reports highlighted the status of programmatic activities, additional work plan adjustments that were required, the support provided to SMEs to go digital, and the frequency and the mode of SMEA's virtual engagement with partners and beneficiaries. The project made several COVID-19 related adjustments to the Year 3 work plan and on May 1, 2020, submitted a revised narrative and Gantt chart highlighting these changes to USAID, which USAID approved on May 5.

To be more responsive to the economic slowdown as a result of the COVID-19 pandemic, SMEA developed innovative initiatives for implementation in the short and medium-term. The initiatives helped SMEs address challenges related to decreased cash flows, safety and hygiene concerns, high operational costs, conducting businesses remotely, and more importantly, lack of essential digital skills. The project immediately increased its cost share of much-needed business development support for deserving SMEs. Due to government-imposed lockdowns, enterprises struggled to continue operating remotely. To address this challenge, the project launched a cloud-based assistance package through which SMEs were provided free Microsoft 365 and Google G Suite remote business solutions to ensure their operations continued smoothly. In addition to immediate short-term relief, this support will promote the digitization of operations for SMEs that will have a long-term impact on efficiency. To help SMEs improve their online presence during lockdowns and beyond, SMEA launched an extensive online training program for digital/social media marketing and advertising. All trainings were customized to what SMEs required during COVID-19. Access to finance remained a key challenge during the pandemic. To address this issue, SMEA launched a special round of COVID-19 SME Growth Grants. Despite lockdowns and limited staff mobility, the project ensured that SMEs continued to receive assistance to help them adapt, innovate, and grow.

Digi Awards

During this reporting period, SMEA applied for and won USAID's 2020 Digital Development Award for using unique approaches to help transform the digital economy in Pakistan by encouraging and strengthening the use of ICT to improve measurable development and assistance outcomes. SMEA was recognized for addressing the structural deficits and inequalities faced by Pakistani SMEs in the digital ecosystem by incentivizing ICT-enabled solutions to remedy constraints through its CF grants, helping SMEs harness digital potential through its BDS network, and supporting regulatory reforms that empower ICT-enabled enterprises. SMEA was selected for this award from a pool of more than 400 global applicants.

Despite countrywide lockdowns, restricted staff mobility, and with most businesses closed, SMEA continued to proactively use Microsoft Forms (part of Office 365) and Survey CTO to collect progress data from partner SMEs for this reporting period. For matters requiring interaction, the team used Skype and Zoom as online meeting tools to communicate with partner SMEs. Despite these challenges, SMEA continued to make progress to achieve project targets.

Starting August 31, 2020, staff again started attending office on a regular basis according to a rotation roster. SMEA's office occupancy at any given time was kept at or less than 25 percent of full capacity to ensure social distancing and mitigate the risk of virus transmission.

Challenge Fund

During this year, through its CF, SMEA awarded 40 new grants (17 Innovation Grants and 23 SMEA Growth Grants). To date, the project has awarded a total of 87 grants (37 Innovation Grants, 47 SME Growth Grants, and three Scale-up Grants). Based on these 87 CF-supported grants, SMEA is on track for creating 3,041 jobs, generating USD 27.2 million in revenue, USD 9.3 million in direct PSI (which includes direct grantee contribution and post-grant PSI), and exports worth USD 5.3 million, with direct benefits to more than 3,000 SMEs over a period of two years. These grantees will collectively generate USD 10 for every dollar allocated through the grants.

A total of 24 Round 2 SME Growth and Innovation Grantees successfully completed their grant implementation and submitted their final grant deliverables and milestones.

In response to a Request for Applications (RFA) for SME Growth Grants (Round 3) published during the previous reporting period, SMEA received a total of 634 applications by the application deadline of October 25, 2019. From these, a total of 59 top-ranked potential applicants were evaluated, shortlisted, and invited to present their business proposals. Following the risk assessment process for the top 30 recommended applicants selected during the oral presentations and USAID's approval, the project awarded grants to 24 applicants.

SMEA advertised an RFA for Round 3 of Innovation Grants. In response to the advertisement, the project disseminated 3,500 RFA forms to interested applicants and registered 1,580 potential applicants (on a first come first serve basis) for pre-application co-creation workshops. Subsequently, SMEA organized six pre-application co-creation workshops in Islamabad, Peshawar, Lahore, and Karachi for potential grant applicants, which were attended by a total of 717 potential applicants (including 212 women).

Adapting to evolving needs, SMEA launched a special COVID-19 RFA for SME Growth Grants (Round 4), focused on SMEs affected by the pandemic. The CF team disseminated solicitation documents to 6,140 potential applicants and enrolled 878 participants for pre-application orientation sessions. SMEA organized six virtual pre-application orientation sessions, which were attended by 292 participants, including 81 women.

The project also announced a second round of Scale-up Grants with eligibility restricted to the existing 42 successful grantees from previous rounds. SMEA received a total of 22 eligible business plans and organized final pitch sessions for these 22 eligible applicants. Based on these sessions, eight applicants were shortlisted. SMEA is currently carrying out

vetting clearance and the required pre-award due diligence for these shortlisted applicants.

Competitiveness Enhancement

The year proved to be one of the most challenging for small businesses due to the COVID-19 pandemic and its significant impact on the economy of the country. Supplier networks were disrupted, mass production became near impossible due to lockdowns and social distancing, distribution of goods was hampered by mobility issues, and customer demand became highly uncertain. Some sectors had their operations completely halted while others experienced sustained or increased demand as they found new ways of doing business. SMEA's CE Component, that works directly with SMEs through a model where there is regular contact and engagement with the private sector, worked on identifying the key bottlenecks and launching activities that helped SMEs stay afloat. Entire new processes related to identification, selection, document collection, approvals and verification for processing of BDS cases were designed and shared with SMEs and the network of contracted Business Development Service Providers (BDSPs). The thrust of activities was on digitization and improving the understanding and usage of digital channels and tools. Another popular category of support was compliance related certifications as local and international buyers became more conscious about quality and safety. During the year, a total of 780 micro, small and medium enterprises (MSMEs) were supported with 170 receiving extensive support and 610 supported through capacity building initiatives. Overall, there was reduced demand for extensive support cases as these require constant interaction over a long period of time between the BDSP and SME. However, as SMEs strived to learn how to operate in the new business environment, there was an increased interest in training initiatives focused on digital skills.

Out of 145 SMEs reporting progress, a total of 66 percent SMEs supported by the CE component showed incremental sales of USD 22.5 Million including USD 15.4 Million worth of incremental exports. In addition to this, 1,074 new FTE jobs were created and the private sector invested around USD 5.6 Million to match SMEA's investment in technical activities. One of the most pertinent factors was that even if new jobs were not created significantly, SMEA, through an increased cost share of 75 percent for BDS services, urged SMEs to retain their staff during the course of the BDS. This eventually led to jobs retained that might have otherwise been laid off.

Due to COVID-19, the **Hospitality** sector was one of the most severely impacted sectors from SMEA's portfolio. Tourism came to a stand-still globally and most restaurants had to operate through deliveries only. Despite this, one of the largest number of SMEs supported by the project during the year were from this sector. SMEA, in collaboration with *Foodpanda*, responded to emerging demand related to food safety and handling for food delivery services. A total of 90 home-based chefs received online Food Safety trainings.

The **ICT** Sector took on increased prominence as an enabler with almost all sectors showing an interest in adopting ICT tools. In terms of direct SME support, one of the focus areas was supporting Financial Technology (Fintech) and other ICT SMEs in areas of Payment Card Industry Data Security Standard (PCIDSS), Payment Application Data Security Standard (PADSS), and International Organization for Standardization (ISO) certifications which helped these businesses in building their capacity for both domestic and foreign markets by enabling them to become compliant with the internationally acknowledged standards for data security and governance. Also, to support the diffusion of globally prominent services in the country and bridge the gap between Pakistani SMEs and U.S. technology enterprises, SMEA onboarded BDSPs which provide Microsoft and Oracle software solutions to meet local market demand. The project supported SMEs for Microsoft Dynamics 365 and Oracle NetSuite Enterprise Resource Planning (ERP) solutions. One of the most significant contributors to the COVID-19 response was SMEA's BDS beneficiary InstaCare, an online marketplace for healthcare and fitness service providers offering a directory of health professionals and institutions categorized by type of specialization. When COVID-19 struck, 12 team members at InstaCare volunteered to help launch the 'InstaCare Corona Response Unit (ICRU)', which reached 6,900 patients within 10 days with the help of 286 doctors across Pakistan.

Support for the manufacturing sectors of Agri Business and Processing, Light Engineering, and Textiles centered around compliance certifications, ERP systems, and digital marketing. The largest number of BDS cases signed during the year were for the **Agri Business and Processing Sector**. Some of the most requested services by the sector were global quality and safety standards including ISO 9001, ISO 22000, ISO 14001, Hazard Analysis and Critical Control Point (HACCP), Halal food, British Retail Consortium (BRC), and Supplier Ethical Data Exchange (SEDEX). All three sectors showed a keen interest in learning about concepts of digital marketing to improve their online presence and more than 120 MSMEs were trained - most of them from the **Textile** sector. Several Textile SMEs also added new products lines related to COVID-19 such as masks and Personal Protection Equipment (PPE) to improve their penetration in this growing market and meet the high demand during the pandemic. Popular certifications for the sector included Worldwide Responsible Accredited Production (WRAP), Customs-Trade Partnership Against Terrorism (CTPAT), SEDEX, BSCI, Oeko-Tex 100, and ISO 9001, 14001, and 4500. Adoption of ICT tools was high in the **Light Engineering** sector as seven SMES availed services related to ERP, website development, digital marketing and cloud-based services support.

At the start of the implementation year 3, an outreach session was organized to create awareness amongst **Logistics** SMEs regarding SMEA's initiatives and the BDS program in Karachi. The event was organized in collaboration with The Pakistan International Freight Forwarders Association (PIFFA) and the response was overwhelming with 27 SMEs participating. A second awareness session was also organized in Peshawar on February 26, 2020 in collaboration with PIFFA, which was attended by eight SMEs. As a result of these outreach activities, the project was able to sign its first two BDS cases for Logistics SMEs and a further five MSMEs participated in the project's capacity building

initiatives. In the subsequent year, SMEA's will be directing efforts towards tech enabled Logistics companies; especially those involved in last mile delivery.

The highest performing area of intervention for the CE component was the **WLB** portfolio where the project provided BDS support to 405 MSMEs during the year. This meant that 57 percent all enterprises supported by the component were women-led. More importantly, the support was focused on building partnerships with prominent global private sector players such as *Foodpanda* and *Facebook*. Focused trainings were designed and launched, and these sessions were particularly valuable to MSMEs who were struggling to market themselves during the pandemic, without an online presence. With the knowledge imparted from these trainings, female participants were able to utilize *Facebook*, *Instagram*, *WhatsApp*, and *Foodpanda* applications, while learning how to best target the right market segments with a few simple clicks.

Business Enabling Environment Activities

To continue supporting the creation of a conducive business environment for SMEs across Pakistan, SMEA made substantial progress in implementing BEE activities in collaboration with various government entities during the year. Despite the overall economic slowdown and disruptions caused by the coronavirus pandemic, the BEE Component was able to keep its activities afloat and made concerted efforts to design interventions meant to support the government in its policy responses in light of the economic fallouts of the pandemic.

At the very beginning of the reporting year, SMEA's proposals for e-commerce promotion got reflected in the first ever **E-commerce Policy** of the country announced and approved by the Government of Pakistan. This year also saw significant progress made on the approval process of the **SME Policy 2020**, which has been developed with technical assistance from SMEA. In September 2020, the National Committee on SMEs held a meeting with Prime Minister Imran Khan chairing. He was presented a summary of the key aspects of the Policy. In particular, the proposed macroeconomic framework and the pillars of the Policy were discussed and approved by the PM. He appreciated the detailed analysis that was done as part of the policy formulation and directed the Ministry of Industries and Production (MOIP) and the Small and Medium Enterprise Development Authority (SMEDA) to come up with concrete proposals and an action plan for implementation of the Policy. He was also expressed his desire for the MOIP to stay engaged with SMEA for the preparation of this plan and its subsequent implementation. The PM approved the action plan in the follow-up meeting. SMEA is now working closely with the Ministry to roll it out.

SMEA concluded its technical assistance to **the State Bank of Pakistan** (SBP) by developing a Regulatory Framework for Fintechs in Pakistan and also suggesting a roadmap for the development of regulatory sandboxes in the country. SMEA's proposed framework and roadmap were endorsed by SBP and an official acknowledgement to SMEA was made.

SMEA also successfully concluded its technical assistance to the Sindh Investment Department (SID), **Government of Sindh** with the development of an Investment Policy and received an official acknowledgement on the proposed policy from the SID.

The BEE team was also in the initial phase of developing an "Access to Finance Strategy for **Khyber Pakhtunkhwa** (KP)", which was intended to focus on SME start-ups and youth and women entrepreneurs in KP and the **Newly Merged Districts** (NMDs). However, following the outbreak of the COVID-19 pandemic, the focus of this assignment was shifted to reviving existing SMEs, including WLBs, which are vulnerable and do not have the requisite recovery mechanisms to deal with the operational costs considering the pandemic.

During this year, SMEA worked closely with **Government of Balochistan's** Planning and Development (P&D) Department and the Balochistan Board of Investment and Trade (BBoIT) to develop a framework for encouraging and promoting investments in key economic growth sectors of Balochistan. Based on insights gathered from the field, SMEA successfully concluded a diagnostic analysis. The project will finalize a report during the next reporting period, which will cover regulatory, institutional, and policy factors that impact investments in the province.

To gain a better understanding of how enterprises from the project's target sectors and WLBs had been affected by the pandemic, SMEA carried out a detailed survey of its network of SME beneficiaries and contacts. As per key findings of this survey, the COVID-19 pandemic's impact differs from sector to sector. Some sectors have done well in coping with this shock, while others have had less resilience and flexibility in dealing with the contagion. SMEA shared these summary findings along with an infographic with USAID.

The following sections of this annual progress report provide detailed information on all activities that SMEA undertook during the year and results achieved.

KEY RESULTS

New employment/jobs created

One of SMEA's key performance indicators is to create new employment/job opportunities in Pakistan by SMEs receiving project assistance, with an increase in sales revenues resulting in creation of new employment opportunities. During this year, **11,522** new job opportunities were created by SMEs through SMEA assistance. SMEs receiving business development services, grants, and training support have shown a tremendous potential to create new jobs. Despite the slowdown in economic activity caused by the COVID-19 outbreak, the country is now gradually recovering with rising exports in the Textile and Agriculture sectors.

When converting these long-term and short-term jobs to FTE figures, a total of **2,826** FTE was created. Keeping in view the potential of SMEs in the ICT, Hospitality, Logistics, and Agri-business sectors, SMEA's CF Grants specifically generated a large number of new jobs in technology-based companies. With the slowdown of economic activity, decreasing GDP, and increasing unemployment in the country, SMEA interventions have created a positive impact and are expected to act as a catalyst for economic revival through SMEs in the country.

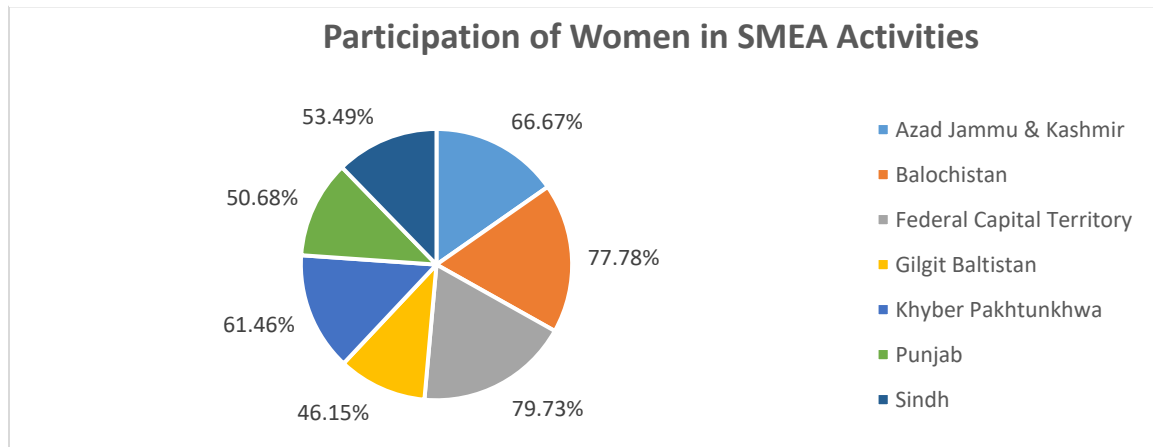*Figure 1: Summary of new jobs created*
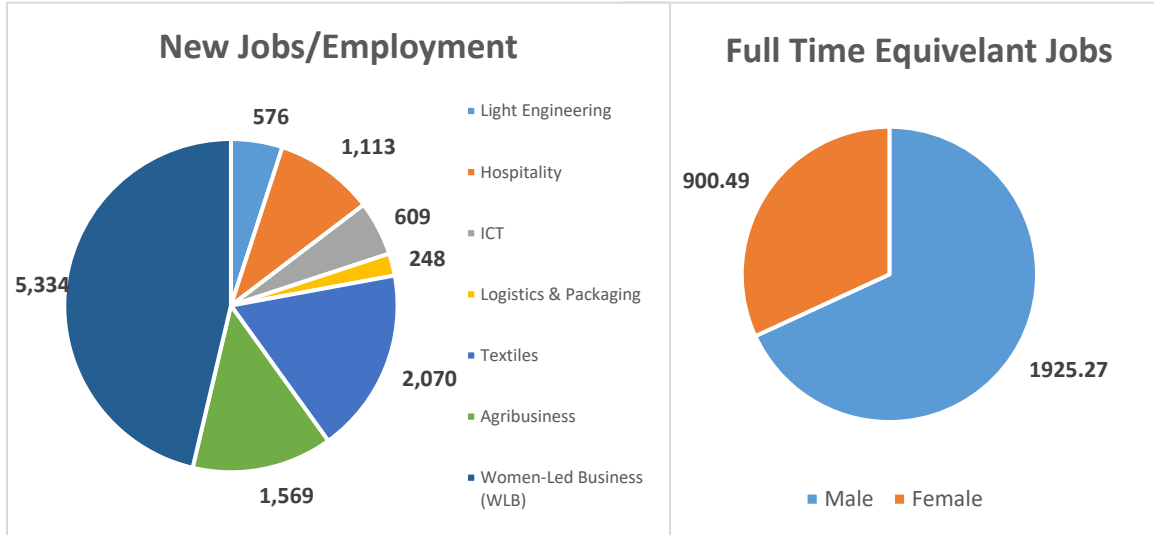
Increased women participation in economic growth activities

SMEA has always given priority to reach out to WLBs across Pakistan to help strengthen their businesses. The project continuously aims to include more women-led businesses in the productive sphere. From the total number of SMEs targeted, 59 percent of enterprises are women-led/owned. SMEA planned interventions by engaging women chambers of commerce and industry, women trade associations, and women entrepreneur networks.
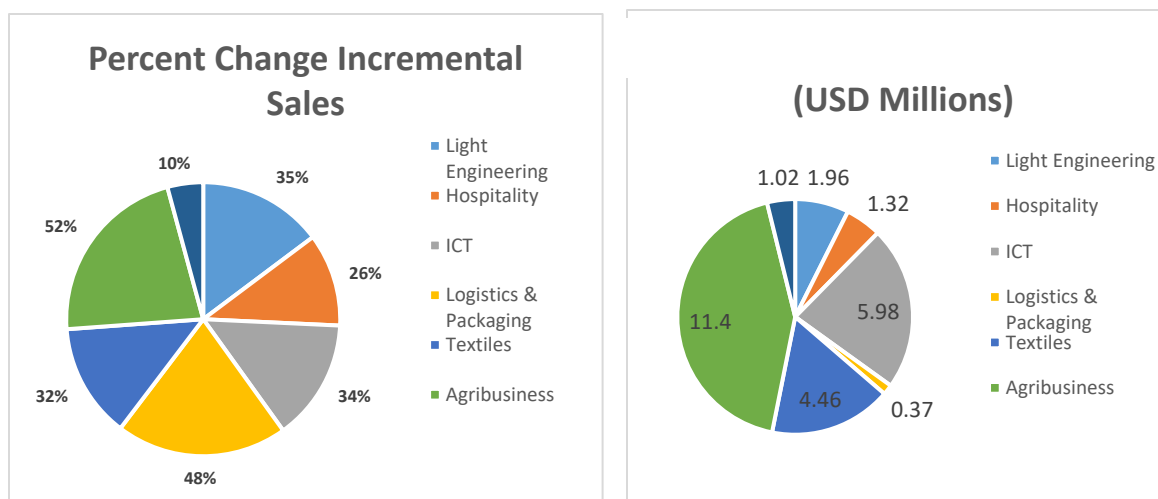
The project provided these women-led SMEs with BDS support to acquire digital marketing and business planning skills and help improve their management systems. Some WLBs also received grants under the Challenge Fund.

Figure 2: Participation of WLBs in SMEA's activities

Participation of Women in SMEA Activities

- Azad Jammu & Kashmir
- Balochistan
- Federal Capital Territory
- Gilgit Baltistan
- Khyber Pakhtunkhwa
- Punjab
- Sindh

Incremental Sales attributed to SMEA

SMEA's technical and financial assistance is meant to foster growth in sales/revenues of enterprises. Increase in sales is critical for the growth of SMEs and in the creation of new jobs. The project recorded an overall increase of **33 percent** in sales while comparing post intervention sales with pre intervention sales of the previous year. The value of incremental sales is **USD 26.6 Million** as a result to SMEA's interventions. The healthy performance of SMEA-assisted SMEs proves the effectiveness of strategies and targeted demand-driven interventions of the project. This increase is significantly higher compared to the overall economic slowdown in the country. This is largely because the project has supported many new innovative solutions in the ICT, Hospitality, Logistics, and other sectors of women-led/owned businesses, which had smaller value of sales prior to receiving assistance and grants through SMEA.

Percent Change Incremental Sales

- Light Engineering
- Hospitality
- ICT
- Logistics & Packaging
- Textiles
- Agribusiness

(USD Millions)

- Light Engineering
- Hospitality
- ICT
- Logistics & Packaging
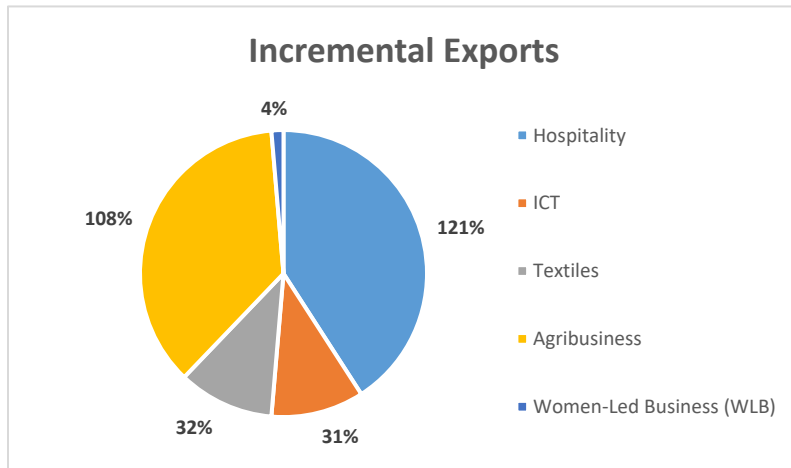- Textiles
- Agribusiness

The sales volumes have increased significantly in Agribusiness and the Logistics sectors. Sales of SMEs in the Agribusiness firms increased by 52 percent. Logistics and Packaging sector sales have increased by 48 percent, while ICT and Light Engineering SMEs increased their sales by 34 and 35 percent respectively. Factors such as improved technology-based marketing, acquiring international certifications, and adoption of improved management practices have greatly helped these small businesses to grow.

Incremental Exports attributed to SMEA

With technical and financial assistance from SMEA, beneficiary SMEs increased their export sales by **47 percent** and the value of incremental exports is **USD 16.77** Million. This increase in sales revenue of SMEs engaged in exports proves the effectiveness of SMEA's targeting strategies, especially the support


Figure 4: Summary of incremental exports

extended to SMEs in acquiring certifications and enhancing their outreach through digital marketing. The Hospitality sector managed to increase visitor exports by 121 percent. Agri-business exports grew by 108 percent and the Textile sector by 32 percent during the reporting period. The rupee depreciation also boosted the exports to a certain level, as SMEs in export businesses are more competitive to reap the benefits from the rupee-dollar parity.

Private Sector Investment by SMEs

SMEA-supported SMEs leveraged PSI worth USD **13.24 million** during this reporting period. The investments made by businesses include the cost-share made by the partner SMEs to access business development services from local BDSPs, new infrastructure development costs, new equipment, seed investments by venture capitalists, hardware, and software costs. Logistics and Agribusiness sector SMEs secured significant investments in their businesses. SMEA expects significant increase in PSI during the coming year as

Figure 5: Summary of private sector investment
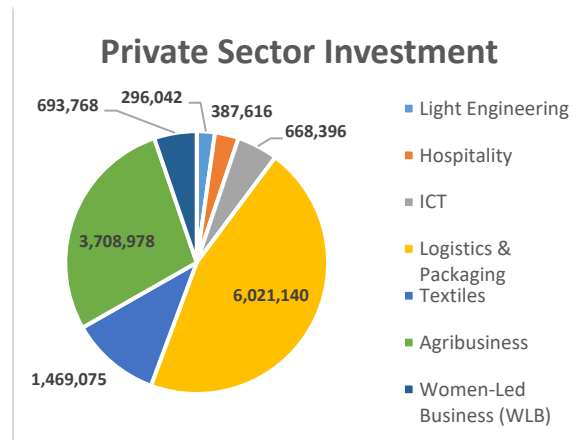
well, as increased number of grantees who have recently started receiving grant funding and BDS support through SMEA will report their private investments during the next year. It is also expected in the post COVID-19 economic scenario, a healthy business environment is expected to emerge in the coming year due to realization of latent demand as economies around the world will keep opening up.

PROGRAM UPDATES

The following section of this annual report presents key SMEA programmatic activities. These activities fall under the following two SMEA objectives, as well as the Challenge Fund:

Objective 1: Improved Business Enabling Environment
Objective 2: Improved Economic Performance of Focus Enterprises

OBJECTIVE 1: IMPROVED BUSINESS ENABLING ENVIRONMENT

1.1: IMPROVED GOP ABILITY TO DEVELOP AND IMPLEMENT REFORMS OF POLICIES, LAWS, AND REGULATIONS

BEE Activities with the Federal Government

Revision of Pakistan's SME Policy

During this reporting period, SMEA continued to follow up on the approval and implementation of the SME Policy 2019 by the Government of Pakistan. As part of the collaboration to undertake initiatives to support SME growth in light of the Policy, SMEA and SMEDA held the 9th and 10th Working Group Meetings this year. During these meetings,

Prime Minister Imran Khan chairs a meeting of the National Committee on SMEs to review the SME Policy that SMEA helped develop. Photo credit: PM House

the participants discussed the approval of the policy by the government, SMEA's potential support for the design and execution of an endowment/SME development fund (so that SMEDA is equipped with the requisite tools in the post-policy implementation phase), sub-sector analysis for regulatory guillotine, conducting a needs assessment of SMEDA for identifying capacity building related assistance, and integrating SMEA's BDSPs with SMEDA. SMEA's BDS program, as a successful model for SME growth, was appreciated by SMEDA, who showed keen interest in learning from the successful experiences of SMEA and replicating the model.

As part of the project's advocacy efforts for the approval of the Policy, SMEA also held a series of meetings with senior officials from the Government of Pakistan. This included meetings with Mr. Aamir Ashraf Khawaja, Federal Secretary, MOIP. Mr. Ashraf requested SMEA's technical assistance to help formulate a National Industrial Policy Framework. He explained that the Ministry had begun preparing an Industrial Policy to ensure sustainable growth of Pakistan's industrial sector. The strategic thrust of the Policy is to 'produce in Pakistan,' with an aim to enhance and expand Pakistan's industrial base by ensuring strong linkages with the agriculture and the services sector. SMEA agreed to consider this request depending on how proactively and swiftly the Ministry facilitates the formal approval of the SME Policy. Similarly, SMEA also met with Mr. Abdul Razak Dawood, Advisor to the Prime Minister on Commerce, Textile, Industry and Production, and Investment to present and discuss changes suggested by SMEDA to the revised SME Policy. SMEA highlighted that most of the recommendations proposed by SMEDA were in line with the policy document prepared by the project. The changes suggested by SMEDA related to the structure of the institutional arrangements and the definition of SMEs, which would be acceptable should the State Bank of Pakistan and the Federal Board of Revenue not have any objections to them. The Advisor approved the changes and highlighted that he would present the Policy to the Prime Minister.

Following a significant delay, on September 9, 2020, Prime Minister Imran Khan chaired a meeting of the National Committee on SMEs at the Prime Minister House in Islamabad to review the revised SME Policy of Pakistan. The Prime Minister appreciated the work done on the Policy and directed MOIP to come up with specific recommendations and an action plan for rolling out and implementing the Policy. As a result, the Ministry requested SMEA to assist the government to develop this action plan so that the Policy could be moved for approval by the Federal Cabinet. Other participants of the meeting included Federal Minister for Industries and Production, Advisor to the PM on Finance, Advisor to the PM on Commerce, Federal Minister for Information, Special Secretary to the PM, Federal Secretaries of Finance, Commerce and Industries, Chairman Federal Board of Revenue, Governor State Bank of Pakistan, Chief Secretaries of all four provinces, and SMEA's Senior Policy Advisor.

As part of this consultancy, and based on the policy prepared, SMEA will develop an action plan for the Government, which will entail prioritization of recommended actions, clearly identifying roles and responsibilities, and the timelines involved. The team of consultants recruited for this assignment will also be required to engage in technical discussions on issues/thematic areas in the Policy such as SME definition, the institutional mechanism for its implementation, and others as decided, along with supporting the MOIP with any subsequent advocacy related tasks for presentation of this policy to the Prime Minister of Pakistan and the Federal Cabinet. Towards the end of this reporting period, SMEA initiated deliberations with the SBP to discuss the SME definition and other proposals for increasing access to credit for SMEs as included in the Policy. The project will continue further engagements and discussions with SBP, SMEDA, and other regulators such as the

Federal Board of Revenue and the Securities and Exchange Commission of Pakistan as the assignment progresses further.

SME COVID-19 RESPONSE: Ease of Compliance Regimes

To counter the economic impact of COVID-19, the Government of Pakistan announced several policy relief measures. Taking cognizance of the situation, SMEA conducted a study to analyze the impact of the pandemic on SMEs from two perspectives:

- How are SMEs dealing with the pandemic and their access to government initiatives for supporting enterprises in response to the pandemic?
- Identify cumbersome regulations, policies, and compliance regimes which can be temporarily or permanently relaxed to reduce the cost of doing businesses for SMEs.

As part of this study, the project held a series of consultations with SMEs, chambers of commerce and industry, trade associations, and sector experts. SMEA incorporated the feedback received into the study. Following the completion of the study, the project began advocacy efforts with relevant government and private sector players for implementation of the proposed package of interventions. SMEA undertook this initiative to facilitate the government in its policy responses post COVID-19. The objective and expectations are that adopting the proposed measures would create a cushion for SMEs without adding fiscal pressure on the government and would allow enterprises to recover more easily as the pandemic eases. SMEA has started its advocacy for promulgation of the findings and recommendations emanating from the report. The project is currently in the process of circulating a policy brief among relevant public sector entities such as the provincial P&D Departments, Industries Departments, MOIP, and among regulators such as the SBP, Securities and Exchange Commission of Pakistan, and provincial regulatory authorities. SMEA will continue making efforts for holding further dialogues with the government for implementation of the proposals made.

Investment in Grain Silos

Based on a request from USAID, SMEA is carrying out a technical and financial feasibility study to explore the viability of setting up commercially operated silos for Pakistan's main agriculture commodities (wheat, rice. and maize). Pakistan's weak food security situation has become a concern due to the COVID-19 crisis. It has become clear that significant investment in agriculture storage is the need of the hour. Since most modern storage is within the premises of mills in Pakistan, a framework is needed to make stand-alone Agri-warehousing a feasible business. Towards this goal, the electronic warehouse receipts regime is ready to be launched in Pakistan's agriculture sector by the government. The SBP recently adjusted the prudential regulations to allow electronic warehouse receipts (EWRs) to be used as collateral by banks. The first warehouse accreditation and EWR repository company to be launched under this regime, Naymat Collateral, has been incorporated with permission from Securities and Exchange Commission of Pakistan.

In this regard, on August 11, 2020, staff from USAID, the Pakistan Agriculture Coalition (PAC), SMEA, and its consultants held a formal kick-off meeting. The participants discussed the scope of work (SoW) for the assignment. SMEA's study will help identify the financial viability of setting up commercial grain silos, investor risks involved, mitigation measures, and other legal and regulatory aspects. As a follow-up to this meeting, SMEA consultants working on this assignment developed an inception brief which presents the proposed feasibility study timeline, along with a list of stakeholders that they will meet. Based on these interactions, the consultants will develop a draft report and discuss it with counterparts from the PAC and USAID during the next year. During this reporting period, the consultants held consultative sessions with stakeholders at different stages of the value chain in Punjab and Sindh which included, but were not limited to, farmers, traders, exporters, consumers, policy makers, and warehouse and logistic providers. The purpose of these visits and discussions was to gain a holistic understanding of the grain silos industry including the market size, growth potential, demand and supply for grain warehousing services, challenges, and regulatory regimes governing Agri-warehousing industry.

Assistance to the State Bank of Pakistan

During this year, SMEA formally concluded its technical assistance for the SBP by proposing and developing reports on "Regulatory Framework for Fintechs in Pakistan" and a "Roadmap for the Development of Regulatory Sandboxes in Pakistan". As part of this assignment, the project organized a workshop on "Enabling Fintech's for Innovative Financial Solutions" in Karachi. The objective of this consultative session was to identify key bottlenecks and propose recommendations that would facilitate the Fintech ecosystem in Pakistan.

SMEA's workshop on 'Enabling Fintech's for Innovative Financial Solutions. Photo credit: SMEA

SMEA submitted these reports to the SBP on May 20, 2020. The report on "Regulatory Framework for Fintechs in Pakistan" highlights the current fintech ecosystem in Pakistan particularly regulations which are hindering the growth of fintech SMEs. It provides reform recommendations based on international best practices and stakeholder views, which would aim to create a conducive business environment for fintech SMEs. The report also identifies that the current regulatory framework for Fintechs in Pakistan is a restricted model based on a rules-based, institutional approach which does not adapt to new

technologies or business models. The report proposes that this restricted regulatory framework should be replaced by '*fintech enabling*' principles and a progressive, functional approach to avoid upsetting financial markets.

SMEA's second report "Roadmap for the Development of Regulatory Sandboxes in Pakistan" discusses how different regulations can be applied to the sandbox and the risk associated in implementing new innovative laws for the regulator, based on international examples. The findings of this report are based on interactions with relevant public and private sector stakeholders and a fintech workshop that the project organized during the previous quarter to discuss potential sandbox themes. The recommendations made in this report focus on four areas (sandbox feasibility, sandbox design and scope, risk management approaches, and post sandbox approaches). While SMEA continues to interact with SBP for implementation of the recommendations made, it also received an acknowledgement from SBP for completion of this technical assistance.

Support for promotion of e-commerce – Ministry of Commerce

The Government of Pakistan's Ministry of Commerce has been making concerted efforts to promote e-commerce, improve export competitiveness of domestic industry, and enhance market access for SMEs in Pakistan. On October 2, 2019, the Government of Pakistan announced its first E-commerce Policy for Pakistan. The formulation of the Policy is a step in fulfilling the government's vision and commitment to effectively promote and encourage businesses, especially micro and small and medium enterprises, to go online and help foster a holistic growth of e-commerce in Pakistan. The new policy covers and provides guidelines on key components for promotion of e-commerce including the regulatory environment; financial inclusion and digitization through payment infrastructure; empowering youth and SMEs, consumer protection; taxation; ICT infrastructure, logistics, data sovereignty; and engagement in multilateral negotiations.

At the request of the Ministry of Commerce, SMEA developed recommendations for e-commerce promotion, particularly in the context of the SME sector, for inclusion in the Ministry's Strategic Trade Policy Framework 2019-2023. SMEA's set of recommendations cover the policy/regulatory environment, business support, and consumer experience to facilitate business activities in the e-commerce space. In particular, the project included suggestions for ease of payment methods and marketing/management of the e-commerce sector of Pakistan. The suggested recommendations also target interventions that would ultimately strengthen the digital economy of Pakistan. SMEA finalized these recommendations in a report and submitted it to the Ministry of Commerce for their review. The Ministry formally acknowledged SMEA's support and some of SMEA's recommendations have been included in the E-commerce Policy of Pakistan.

BEE Activities in Khyber Pakhtunkhwa

Development of Access to Finance Strategy for distressed businesses in KP

The Government of KP has initiated various measures to encourage the growth of SMEs across the province. The Finance Department's 'Access to Finance Fund' worth PKR 500 million is one such initiative that aims to provide financial solutions to develop a unique mechanism for meeting the financial needs of SMEs, women entrepreneurs, and youth start-ups in KP. During this year, SMEA received a request for technical assistance from the KP Finance Department to

SMEA staff meeting with KP's Finance Minister in Peshawar. Photo credit: KP Finance Dept.

help them design the Fund. In a subsequent meeting with Mr. Taimur Saleem Jhagra, KP's Minister for Finance, he explained the Provincial Government's vision and purpose for designing this Fund and requested SMEA's support for developing an Access to Finance Strategy for the province, which could serve as the foundation stone for the design of this Fund. The participants agreed that the Strategy should focus on identifying priority potential sectors in KP where access to credit is a major bottleneck and then propose options for designing suitable mechanisms/vehicles to address this binding constraint. The overall institutional framework also needs to be addressed in the Strategy, with a specific focus on SMEs, youth, and women entrepreneurs across KP and NMDs.

However, with the outbreak of the COVID-19 pandemic, the focus of this assignment shifted to reviving existing SMEs, including WLBs, which are vulnerable and do not have the requisite recovery mechanisms to deal with the operational costs due to the pandemic. SMEA and the KP Finance Department mutually decided that a strategy will be designed in a manner where five to six most severely impacted sectors by the COVID-19 pandemic will be identified, particularly where existing SMEs are unable to cover their costs and there can be potential uptake of formal sources of finances. Subsequently, based on preliminary analysis and reviewed literature, SMEA prepared an inception report. The report provided a synopsis of the business and operational challenges that SMEs in KP encountered and recommended nine sectors for focus, which included horticulture, aquaculture, honey, mines and minerals, textiles, furniture manufacturing, hospitality, tourism, and ICT. Agriculture and ICT sectors were highlighted as priority sectors by the KP Government given the huge potential that they possess. The kind of financial interventions needed were also identified.

As a follow-up to the inception report, SMEA's technical experts held consultative sessions with relevant public and private sector stakeholders, based on which, they

developed a comprehensive diagnostic and situational analysis report. The report recommends the Specialized Investment Vehicle (SIV) model as the most feasible option for setting up this Fund. A couple of reasons cited are that the SIV offers a wide range of products thus catering to the financial needs of different sectors. In addition, the Government of KP could hold all the shares in the SIV and yet be managed by the private sector. This would enable the government to play the role of a catalyst by sharing some of the risk and providing guarantees which would not only attract the private sector to enter this neglected space but will also have a multiplier effect. SMEA will finalize its report for submission to the Finance Department early next year, which would also be presented to the Finance Minister, who had personally requested that such a study be carried out. This will be followed by the design of the Fund based on the proposed strategy.

Technical Assistance to the Tourism Department of Khyber Pakhtunkhwa

During this year, SMEA worked closely with the Department of Tourism, Sports, Culture, Youth Affairs, Archaeology, and Museums to carry out a legal review of the KP Tourism Act 2019 and subsequently proposed an optimal organizational structure for the KP Culture and Tourism Authority (KP CTA).

As part of this assignment, SMEA's technical experts held consultative sessions with relevant public and the private sector stakeholders to discuss improvements that could be made to the KP Tourism Act 2019. Following these discussions, SMEA presented key findings related to the institutional arrangements for the KP CTA, international best practices for utilizing economic potential of the tourism sector,

SMEA staff meeting with officials from KP's Tourism Department. Photo credit: Tourism Department

and legal recommendations for harmonizing the Act with the Provincial Tourism Policy 2015 to Mr. Khushal Khan, KP's Secretary Tourism. The project recommended that the Provincial Tourism Strategy Board take up an enhanced intra-departmental coordination role at the Integrated Tourism Zones, along with increased private sector representation. SMEA also apprised the Secretary about the views of 12 public-private stakeholders which included the KP Tourism Development Corporation; Pakistan Tour Operator Association; International Union for Conservation of Nature; Galiyat Development Authority; Sarhad Chamber of Commerce and Industries; and faculty from Abdul Wali Khan University Mardan and Hazara University Mansehra. The Secretary concurred with SMEA's recommendations and requested a follow-up interaction for further clarity to determine a way forward for implementation.

Subsequently, towards the end of this reporting period, SMEA also met with Mr. Shakeel Qadir, Additional Chief Secretary (ACS), P&D, Government of KP and his team. The ACS endorsed most of SMEA's recommendations and suggested adding an action plan and do-ability analysis to help the government implement the reforms thus proposed. The feedback received has been incorporated and a final report has been submitted to the Department of Tourism.

Business Enabling Environment Regimes for SME's in the Newly Merged Districts

Last year, SMEA carried out a "Rapid Assessment of NMDs in KP" which highlighted that greater economic activity and opportunity creation as well as poverty alleviation in NMDs cannot solely take place and be sustained through government interventions. Greater private sector investments, collaborations, and attraction of external investors to the region can play a major role to achieve the ends of greater economic activity, opportunity creation, and poverty alleviation. During this reporting year, following a series of discussions with the Government of KP, SMEA initiated its technical assistance to help develop customized business enabling environment regimes for businesses in NMDs. A key purpose of this technical intervention was to engage with the private sector to articulate and advocate for their policy and regulatory reform requirements in NMDs. The intent was to both facilitate and galvanize local industry and investors as well as to attract and keep external ones. With these goals in mind, the project aimed to identify interventions for addressing key policy and regulatory hurdles that hamper private growth in general and SME growth in particular, and new investments in NMDs. As part of this activity, the development of a BEE framework, gap analysis and legal instruments for contract enforcement, partnerships and dispute resolution customized in line with the socio-economic and cultural requirements of these recently merged tribal areas are expected to help fuel and stimulate private sector activity and investments and thereby greater employment opportunity, development, and poverty alleviation in KP.

Following the initiation of this technical intervention, the P&D Department notified a Steering Committee headed by the ACS with representatives of key departments in KP to gather relevant feedback and to help in undertaking informed decisions for the implementation of the regulatory framework being developed. An initial assessment of the was made using available literature and by engaging with stakeholders in KP-NMDs. On September 16, 2020, SMEA shared its key findings from the initial analysis with the Steering Committee. These findings included:

- In the social context, regarding key issues, it was pointed out that the role of women was restricted, there was a lack of jobs/industries, and a need for improved cross border trade.
- From an economic perspective, several reforms were suggested such as rapid digitalization of land ownership and E-Khidmat centers to provide true one window services.
- The regulatory framework considered the current informal jirga (tribal court) system as well as international best practices and the proposition made was a

forum-based solution in the shape of an Alternative Dispute Resolution (ADR) Framework, which addressed the challenges of conventional and formal judicial systems.

The Committee concurred with SMEA's analysis and requested a study on contract enforcement and land registration for creating a conducive business environment. The first Steering Committee also recommended reviewing the draft Alternate Dispute Resolution Act 2020 prepared by the KP Home and Tribal Affairs Department. In the ensuing period, SMEA reviewed the ADR Act 2020 of the Department and submitted its proposed ADR Act 2020 for consideration to the Home and Tribal Affairs Department and other members of the Steering Committee. The project will complete this activity during the next reporting period.

BEE Activities in Punjab

Staff from USAID and SMEA held an exploratory meeting with Mr. Imran Sikandar Baloch Secretary, P&D Board, Government of Punjab, to discuss and identify the kind of assistance SMEA could provide related to the Tourism sector in Punjab. The project appraised the P&D officials that SMEA was interested in carrying out a study on the post COVID-19 revival of the Tourism and SME sectors. The Secretary briefed the participants that the lead agency that oversees the tourism sector is Tourism Department. The P&D Board got involved in tourism-related activities because of the Punjab Tourism Economic Growth Project, which was placed under the P&D Board with an understanding that it will be transferred to Tourism Department, by December 2020. The officials also discussed the approval of the Tourism and Culture Heritage Authority (TCHA) by the cabinet, which is in line with the Punjab Tourism Policy. TCHA is an overarching apex body that will be looking after all the cultural and heritage tourism aspects in the province. The Tourism department is currently working on the Act. The Secretary suggested a follow-up meeting to further discuss the potential areas of collaboration, which the project will schedule during the next reporting period.

BEE Activities in Sindh

Development of Investment Policy Framework for the Government of Sindh

Based on its vision of developing and creating an investment-friendly environment to boost economic activities in the province and encouraging public-private partnerships, the Government of Sindh requested SMEA to help formulate a framework for the Sindh Investment Policy to help attract national and foreign investment. The Sindh Investment Department identified tourism, information technology, agriculture, and fisheries as key sectors for attracting investment. SMEA consultants reviewed available literature and met with public sector stakeholders from the Sindh Investment Department, Sindh Enterprise Development Fund, Department of Industries, Planning and Developing Department, Special Economic Zones Management Company Sind, Sindh Small Industries Corporation, and the Sindh Business Reforms Unit. The consultants also met with a large number of

SMEs from various sectors in four districts to identify challenges and opportunities for attracting investment in rural and urban Sindh, while keeping in view diverse socio-economic conditions of these areas. Issues like interaction with the government on policy and reforms under ease of doing business, contract enforcement, incentives for attracting investment, labor, financial and property markets, and infrastructure were some of the issues discussed with the SMEs.

Subsequently, SMEA developed an Investment Policy Framework for the province, which highlights key impediments to growth in Sindh and recommends a gradual plan for Sindh where instead of bringing new broad-based reforms, piecemeal reforms have been proposed. This would allow the Government to test out, build the capacity, and implement reforms at an achievable scale before extending the expertise and knowledge acquired to the rest of Sindh. On the institutional side, the framework suggests improving the capacity of existing institutions such as the Doing Business Reform Implementation Unit of the Sindh Investments Department. Furthermore, the report proposes a Special Economic Zone (SEZ) -led approach where reforms and resources are concentrated within SEZs to pilot, and if successful, they could be replicated across Sindh. Furthermore, a single investment incentive tied to business activity and a set of measures for improving the provincial taxation structure, along with legal reforms at local, provincial, and federal levels of government have been proposed. On January 28, 2020, SMEA discussed its draft report with the Secretary, SID and his team. Subsequently, the project finalized and submitted to repot the department. In a letter dated March 18, 2020, the SID acknowledged SMEA's technical assistance for this policy would help improve the investment and business climate in Sindh.

Institutional re-design of Sindh Investment Department

Based on recommendations made by SMEA in the Sindh Investment Policy, the Secretary for SID, Mr. Najam Shah took keen interest and sought SMEA's help in proposing an institutional redesign of the Department which would enable and equip the Department to implement the proposed policy. Thus, SMEA received a formal request from the SID to provide technical assistance by sharing models that the SID can follow in order to restructure itself and transform into an active and business friendly investment promotion agency.

Following several discussions with the SID, SMEA developed a report containing an optimal institutional structure for the Department in light of international best practices for Investment Promotion Agencies (IPAs). The report provides a comprehensive overview of the functions, structures, staff of IPAs, and talent required for IPAs based on international best practices across many leading countries such as Ireland, Malaysia, Singapore, India, Bahrain, Jordan and the United Arab Emirates. The report proposes that the Government of Sindh should establish a dedicated but lean investment promotion agency with a private sector outlook to lead investment promotion and facilitation. The agency – which may be called Sindh Investment Authority - should ideally take the form

of an independent authority, drawing its powers from a new statute and subsuming the existing Investment Department within its fold.

The report highlights that the SIA should work under the overall umbrella of a high-powered Investment Council headed by the Chief Minister. The Investment Council should have members from both public and private sectors and should be responsible for investment policy implementation and driving cross-functional support from all relevant departments and agencies. SMEA submitted to the SID on March 24, 2020 and received an official acknowledgement letter on June 17, 2020.

Development of a Provincial Domestic Commerce Policy for Sindh

SMEA met with Dr. Nasim Ul Ghani, Secretary, Industries and Commerce Department, Government of Sindh and his team to discuss SMEA's potential role and support for facilitating the Department in drafting a Provincial Domestic Commerce Policy. The Industries Department briefed SMEA that they had previously developed a Provincial Strategy to promote commerce and trade in Sindh under the Federal Government's Strategic Trade Policy Framework. However, due to internal observations, the Strategy was not approved, and a new policy had to be developed. They also highlighted that the lack of institutional capacity of the Department and the provincial government's focus on enhancing the competitiveness of the local industry and opening domestic markets to increased commercial activity and trade presents an opportunity for SMEA to assist the Department in formulating a Domestic Commerce Policy. SMEA informed the Department that the project's internal assessment of the BEE in Pakistan suggests that unless domestic markets are made competitive and inter-provincial channels of commercial activity are improved, trading across borders will not prosper.

Based on this meeting, SMEA received a formal request for technical assistance from the Department. Subsequently, the project developed a scope of work for the assignment and shared with the Department for its feedback. However, due to the outbreak of the COVID-19 pandemic, the Department remained closed for a while. When it did re-open, it was preoccupied with providing relief related to the pandemic. SMEA faced extensive delays in receiving feedback from the Department but it used this time effectively by making the SOW sensitive to the ongoing pandemic's economic ramifications on domestic markets and businesses. The project submitted a revised SOW in early June 2020, however, the Department has yet to provide any feedback. As things stand, USAID has approved the SOW and recruitment is currently underway for the assignment.

BEE Activities in Balochistan

Development of a Framework for Promoting Investments in Balochistan

During this year, SMEA worked closely with Balochistan's P&D Department and the BBoIT to develop a framework for encouraging and promoting investments in key economic growth sectors of Balochistan. With a new Chief Executive Officer of the BBoIT

in charge, there was considerable back and forth on the SOW before it was finalized. As part of this assignment, the project had planned a visit to Balochistan to meet with relevant public and private stakeholders in March 2020. However, this visit got delayed due to nationwide lockdowns due to COVID-19. During the peak on the pandemic, the province was also affected by unprecedented locust attacks. Utilizing virtual communication, SMEA held the first kick-off meeting for the assignment on June 24, 2020 with officials from the Government of Balochistan, including the Chief of Foreign Aid. The team lead of the activity provided an overview of the work plan, which included looking at the investment related impediments in the key economic sectors like Mining, ICT, Tourism, Agri-business and Processing, Livestock, and Aqua Processing as its sub-sector. The designed technical intervention encompasses approaching these sectors from an institutional, policy, and legal perspective to provide a framework through which bottlenecks could be addressed to increased investments in Balochistan. The P&D Department reiterated its earlier support to the experts on sharing available literature and data pertaining to investors who have invested or have at some point demonstrated interest in investing in Balochistan.

Based on the literature review, SMEA commenced field work, which included virtual consultations along with partial face to face interviews with relevant public and private stakeholders. The team held virtual consultations with 34 public and private stakeholders. The public sector stakeholders informed SMEA that the BBoIT had started gathering data from different government departments about previous and ongoing investment interests and is planning to establish one window operations for investors. The BBoIT was also in the process of launching an investment portal and business facilitation center with representation from every department. The Government of Balochistan observed that investors were mostly interested in the Tourism and Mining sectors. Based on insights gathered from the field, SMEA consultants concluded their diagnostic analysis. SMEA will finalize a report during the next reporting period, which will cover regulatory, institutional, and policy factors that impact investments.

Other BEE Activities

To gain a better understanding of how enterprises from the project's target sectors and WLBs had been affected by the pandemic, SMEA carried out a detailed survey of its network of SME beneficiaries and contacts. The key and most significant issue which emanated from the demand side was a reduction in customer demand, which in turn led to a loss in revenue for businesses affecting their ability to operate, causing severe cash shortages. This tied in with the project's finding regarding the kind of relief businesses sought, where the enterprises requested support with short term working capital, and concessions on utilities, emphasizing the financial stress the SMEs were experiencing. Moreover, many SMEs had no means of interacting with their customers. This was especially true for the Hospitality sector, which single-handedly suffered the most with 75 percent of surveyed enterprises non-operational and 75 percent laying off employees. These findings were more severe than the results for WLBs where only 54 percent had to reduce their workforce; this could be attributed to the fact that they are relatively smaller in size and employ fewer workers. The most common alternative mechanism used

by businesses to conduct their operations was phone communication, used by 75 percent of the agribusinesses, followed by cloud services utilized mostly by ICT firms. Moreover, these firms were seen to be more successful at keeping their businesses operational during the pandemic relative to enterprises from other sectors. Regarding exports, the Textile sector suffered the most where 72 percent of its exports had to be deferred, cancelled, or executed only in part. In regard to safety measures, 42 percent of the firms were willing to implement workplace sanitation measures to stay safe during the pandemic. Thus, as per the key findings of this survey, the COVID-19 pandemic's impact differs from sector to sector. Some sectors have done well in coping with this shock, while others have had less resilience and flexibility in dealing with the contagion.

Planned BEE activities for the next year (October 2020 - September 2021)

- Completion of technical assistance for Encouraging and Promoting Investments in Key Economic Growth Sectors of Balochistan.
- Completion of framework for Business Enabling Environment regimes for the SMEs in NMD.
- Initiation of technical assistance to the KP PPP Support Unit for "Refinement of Rules and Regulations Drafted under the KP Public Private Partnership Act 2020" along with a "Rapid Institutional Review of KP Public Private Partnership Support Unit".
- Completion of technical assistance to the KP Finance Department for the formulation of an Access to Finance Strategy.
- Completion of technical assistance to MOIP for developing an action plan for the roll out of the revised SME Policy.
- Completion of technical assistance for the "Diagnostic Analysis of KP Small Industries Development Board".
- Completion of technical assistance for the "Capacity Building of the Sindh Enterprise Development Fund (SEDF)".
- Organize a virtual conference on "Digitization of KP" with relevant stakeholders to discuss SMEA's potential interventions for the KP IT Board
- Completion of technical assistance for investment in grain silos under warehouse receipts regimes in Pakistan.
- Completion of technical assistance to the Public Procurement Regulatory Authority for "Refining Public Procurement Rules for the Federal Government".
- Completion of technical assistance to the KP Board of Investment and Trade for "Institutional strengthening of KPBoIT" – designing investment promotion measures and instruments for SMEs in NMDs.
- Completion of technical assistance for BEE Index (Ease of Doing Business for SMEs in Pakistan).
- Completion of technical assistance for Market Intelligence Study for export market development post COVID-19.
- Completion of technical assistance to the KP Finance Department for designing Access to Finance Fund for SMEs in KP-NMDs.

- Completion of technical assistance for the "Mines and Minerals Subsidiary Legislation" Or "Tourism Policy for Balochistan".
- Completion of technical assistance for post Covid-19 support for the enablement of the ICT sector.
- Completion of technical assistance for "reforming inspection regimes" by developing new rules/processes or finalization of the labor laws compendium and development of labor compliance code book.
- Conduct hackathons – focused discussions to explore innovative solutions for increasing revenue for the Government.
- Conduct quarterly meetings of SME Core Group.
- Conduct seminar/workshops for dissemination and knowledge sharing purposes.
- Carry out additional interventions based on specific demands from the Government/special interventions focused on COVID-19.

OBJECTIVE 2: IMPROVED ECONOMIC PERFORMANCE OF FOCUS ENTERPRISES

2.1: IMPROVED ECONOMIC PERFORMANCE IN SELECT SECTORS

During this reporting period, businesses were severely affected because of COVID-19 and its resulting lockdowns and restrictions. The pandemic forced many sectors to close globally and in Pakistan too, leading to an unprecedented disruption of commerce in most industries. Manufacturers, exporters, wholesalers, retailers, and service providers all faced many immediate challenges, such as those related to health and safety, supply chain disruption, workforce, cash flow, reduced consumer demand, and marketing. However, successfully navigating these challenges has also shown a promising future. As businesses adapted to the new normal and evolved, they emerged in a very different ecosystem compared to the one before the outbreak. Like the businesses, the CE component also re-focused its activities as certain services that were being implemented came to a standstill when production facilities and offices closed. The component designed and propagated BDS that could help SMEs work remotely and identify, engage with, and serve customers. Through SMEA's support, SMEs began prioritizing the use of online communication, because national-scale lockdowns meant limited mobility, leading to a growth in consumer demand for a responsive digital presence. There were also fears of layoffs as companies struggled to maintain cashflows. With this in perspective, SMEA increased its cost-share from 50 percent to 75 percent for those SMEs who committed to retain all employees for the duration of the BDS support during COVID-19. Furthermore, an emphasis on promoting ICT related capacity building initiatives and services such E-commerce and cloud-based solutions as well as active social media marketing also became a priority for CE to facilitate struggling SMEs.

As a result of these efforts, despite the significantly reduced business activity and economic slowdown, SMEA initiated BDS support to 170 SMEs[1] with services on a cost-share basis[2], and trained 610 MSMEs on various modules (see Table 1 below). The component had planned to support 780 MSMEs during the year, and despite the challenges, managed to help exactly that number. These services provided are demand driven, as the project continues to source SMEs directly and through BDSPs. The most popular forms of BDS support during this reporting period consisted of digital marketing [such as Social Media Marketing (SMM), digital advertising management and consultancy, Search Engine Optimization (SEO), brand building, and other ICT solutions (website/application/software development and administration), as well as quality and safety consultancy and certifications (ISO, HACCP, Business Social Compliance Initiative, SEDEX, and others). The popularity of these types of services demonstrates the interest of SMEs in "going digital" and making their operations more resilient in the wake of

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[1] Under the Competitiveness Enhancement Component, two primary forms of support are given to SMEs, Extensive business development support or hands on intensive training support through contracted BDS providers and trainings provided through short term consultants.
[2] Cost-share assistance goes up-to 75 percent, on case to case basis.

physical restriction of goods and people. The focus on such services has established SMEA as a leader in digital enablement of SMEs in the ecosystem. The services provided to date have also led to an increase in sales by **22.4** Million USD, an increase in exports by **15.4** Million USD, the creation of **1,252** new FTE jobs, and **5.5** Million USD worth of PSI in the form of SME cost-share. Overall, CE has supported a total of 708 MSMEs throughout FY3, out of which 57 percent are women-led businesses, and a total of 2,183 MSMEs have been facilitated through CE's interventions alone to date.

Table 1: Summary of SMEs assisted by CE during the year

No.	Sector	SMEs trained this year	BDS Cases this year	Total SMEs supported this year	SMEs support to date
1	Hospitality	98	35	133	416
2	ICT	6	10	16	701
3	Agri-business & processing	22	49	71	184
4	Textile	77	25	102	134
5	Light Engineering	27	19	46	46
6	Logistics and Packaging	5	2	7	7
7	Women-Led Businesses	375	30	405	695
Total		**610**	**170**	**708**	**2,183**

Engaging Business Development Service Providers (BDSPs) and SMEs

To improve service delivery mechanisms, add new services and service providers (especially those focused on digital services), and strengthen outreach of the BDS network across the country, the project initiated and completed multiple rounds of Request For Proposals (RFP) nationally to expand its pool of BDSPs. In response to these advertisements, SMEA received a total of 105 Expressions of Interest (EOIs) from BDSPs that were further evaluated to finalize and select the most relevant ones. SMEA awarded a total of 14 new contracts to BDSPs based in Islamabad, Peshawar, Rawalpindi, Lahore, and Karachi. One-year performance-based contracts will help these new BDSPs facilitate SMEs by providing them with different types of quality and process management certifications, technical consultancies (Kaizen, lean management, time-motion study) and a variety of ICT and marketing-based services (Oracle NetSuite, web application development, digital marketing, e-commerce solutions, software development, and customized ICT services) for SMEA's targeted sectors. The provision of these services will help SMEs comply with international quality and safety standards, meet buyer requirements, and access new markets to increase their exports/sales by adopting a wider range of demand-driven business development services. Furthermore, to improve the understanding of SMEA's requirements, expectations, and documentation related to

extensive support cases, the BDS team successfully completed online trainings and orientation sessions for all newly contracted BDSPs.

Based on increased interaction and outreach activities carried out by SMEA during last reporting year, the project identified many requests related to new services and trainings. To cater to these new products and service requirements from SMEs, SMEA completed the procurement process against an RFP among the contracted BDSPs, and successfully revised contracts of three BDSPs by adding newly demanded services. The addition of new demand-driven services in SMEA's existing pool will be helpful for SMEs in all targeted sectors to help improve their business growth, market access, market visibility, and overall profitability. Moreover, to respond to emerging SME demand for BDS services, the project circulated a new RFP among 64 interested BDSPs across Pakistan. From 64 applicants, 18 successfully submitted their proposals and technical evaluations are under way to finalize the service menu and price prior to issuing contracts. The addition of new demand-driven services in SMEA's existing pool of BDSPs will be helpful for SMEs in all targeted sectors to help improve their business growth, market access, market visibility, and overall profitability. It will also provide SMEs a greater variety of service providers with specific specializations and from different parts of the country. Similarly, the addition of new services will be helpful for the service providers as it will increase their customer outreach and enable them to get more business from the market by offering cost-share to interested SMEs.

SMEA identified the need to increase its outreach in Balochistan and the NMDs. Even though SMEA published region-specific newspaper advertisements, the response had been weak. To improve outreach in the region, and provide much needed skill development in the areas, SMEA launched a dedicated entrepreneurship program for SMEs and startups in Balochistan and NMDs. This unique initiative was conceptualized in the third quarter with a specific aim to help improve their business knowledge, communication skills, basic practices, systems, and thinking process to leverage their business ideas and potential of business opportunities into existing and potential markets. During the year, the team completed technical evaluations to recruit a service provider to initiate the program. Following these evaluations, SMEA realized that it would be challenging to find a single contractor with experience in both these geographically dispersed regions. Therefore, the project finalized two different companies for either region. SMEA also decided to re-launch the NMDs program with a focus on digital skills and including KP along with the NMDs.

During this reporting period, in an effort to build the capacity of the BDSPs, SMEA issued a specific RFP to recruit a consulting firm to help contracted BDSPs to improve their project management, marketing and general management practices; and subsequently up-lift their businesses for effective outreach, client retention and profitability. The purpose of 'BDS Capacity Building Initiative' is to build and improve the capacity, skills, and market

outreach of the pool of contracted BDSPs and to help contracted ones grow their suite of services and optimize their business models, so that they are more geared towards service provision to smaller-sized enterprises. As a result, the project received a total of six proposals against the issued RFP, and after completing the technical evaluations, the company with the highest technical score was selected for award of contract. After initiation of the activity, Cyber Vison (SMEA's contracted vendor) successfully completed two deliverables (and inception report and GAP analysis of BDSPs) as per the scope defined for the BDSP Capacity Building Initiative. Cyber Vision is currently in the process of developing workshop material and will organize two BDS capacity building workshops in Lahore and Karachi during the next reporting period. This is SMEA's first support activity for the consulting industry/BDSPs that will help BDSPs build their technical, marketing, and operational capacity to serve a greater number of SMEs and create sustainability beyond the life of the project.

Furthermore, to ensure that the component's activities were minimally disrupted due to remote operations as a result of COVID-19 pandemic, both for SMEA and its stakeholders, the team started following improvised operating procedures for internal processing, and for coordination with SMEs and BDSPs starting March 2020. The team proactively communicated temporary working protocols, approval mechanisms, document submission, remote availability of staff, and improved coordination practices to all BDSPs to inform, motivate, and empower them to continue work. Keeping in view the sensitivity involved in BDS support related documentation, it was essential to inform BDSPs regarding SMEA office closure and change in the routine functionality between the CE team, BDSPs, and SMEs.

In addition to this, the team also analyzed and developed ideas to implement activities in the short and medium-term to be responsive to the economic slowdown as a result of the COVID-19 pandemic. The project drafted proposals to support SMEs to cater to challenges related to decreased cash flow, safety and hygiene concerns, workplace safety, high operational costs, difficulty in conducting business remotely, and lack of funds to handle the shock to the economy. Some immediate term actions, such as increase in cost share for SMEs, have been implemented to increase the support share for deserving SMEs. This support is being continued as economic recovery for SMEs is likely to take a long time. To facilitate SMEs from across the country, SMEA launched a cloud-based assistance package to support SMEs during the low period of business. The cloud-assistance package is a full-cost support program offered by SMEA and any interested SME who wants to continue its business operations remotely can avail either Microsoft 365 or Google G Suite for a team of up to 10 employees over a period of six months. The support package is helping SMEs improve business communication, business operations, management, and remote functionality through E-management tools.

Hospitality Sector

During this year, SMEA provided BDS support related to ISO 9001, 22000, and Halal Food certifications to four restaurant SMEs from Islamabad, Peshawar, and Lahore. Quality and compliance certifications have become an emerging need for restaurants in the face of an increased need for sensitization pertinent to COVID-19, as these services help SMEs operate with a positive brand image in the market, leading to enhanced profit margins. In addition to this, the project also extended BDS support to two food related SMEs for lead auditors' course in Food Safety System Certification 22000. The rendered support shall enable the SMEs to manage food safety hazards effectively, thereby improving their internal processes related to food handling.

Figure 6: Summary of Hospitality MSMEs trained

Hospitality MSMEs Trained

■ Sindh ■ Punjab ■ ICT ■ KP/ NMDs ■ Balochistan

2% 1%
11%
34%
52%
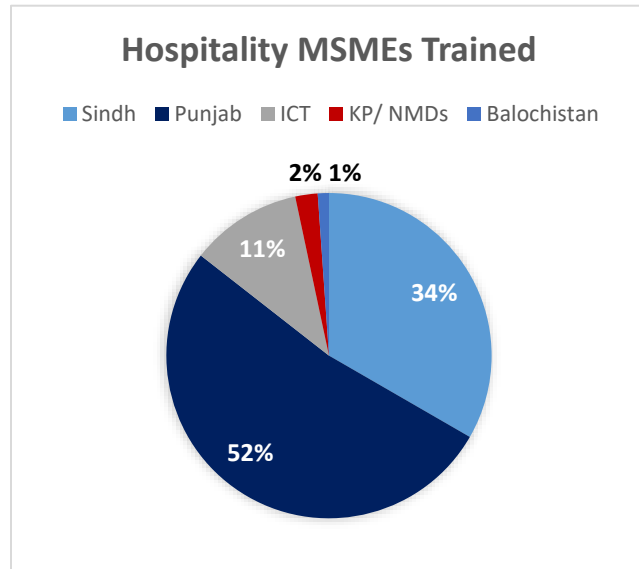
During the peak of COVID-19, SMEA worked on developing innovative ideas to support SMEs during the pandemic. Similarly, Pakistan's largest food delivery service, foodpanda, onboarded home-based food businesses onto their platform to assist them to remain operational during the pandemic. To help build the capacity of these SMEs, in collaboration with foodpanda, SMEA launched a series of online trainings on Food Handling and Hygiene. The training modules were especially designed to assist home-based businesses to keep them operational during tough economic circumstances and help minimize the spread of communicable diseases through food. The key takeaways from the training will remain relevant in the long-term and enable the participating MSMEs to improve their business practices and maintain industry standards of food manufacturing. These trainings were conducted through SMEA's contracted BDSP Halal Assessment and Certification Institute and attended by 90 MSMEs, which belong to a diverse geographic stretch covering 17 districts (See Figure 1).

The project also organized multiple rounds of online Digital Marketing and Advertising (DMA) trainings under different sectors from April to June 2020. A total of eight Hospitality MSMEs from Islamabad, Peshawar, Quetta, and Chitral attended these trainings. It enabled the participating MSMEs to consider the adoption of technology as a steppingstone to cope with such uncertainties in the future.
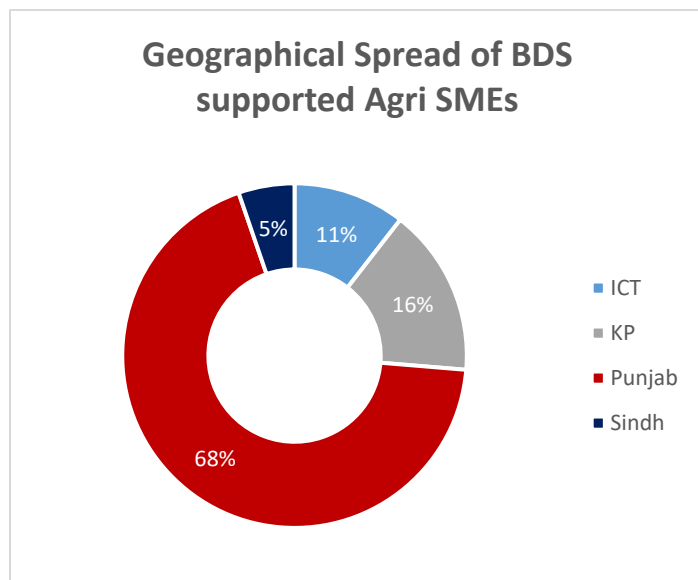
ICT Sector

During the pandemic, businesses across the globe suffered and there had been a realization of how important it is to have a digital presence for enterprises to run smoothly in such times. SMEA continued its efforts to promote the use of digital marketing tools, and conducted online trainings for this purpose during the outbreak of COVID-19. These trainings were planned to enable MSMEs to learn how to use digital channels to increase their outreach to target customers and generate more leads. The project organized an online DMA training session on May 5-6, 2020 for five ICT MSMEs from various cities of Pakistan. The participants actively engaged in the training to get acquainted with the basics of digital marketing and also appreciated SMEA's effort in organizing such an informative training despite the lockdown.

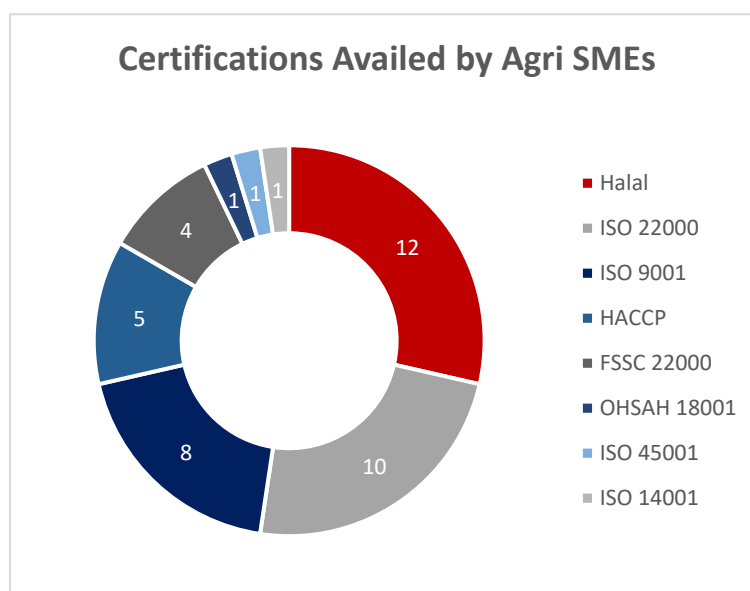*Agri-business and Processing Sector*

During the year, the project received many BDS support requests from the Agri-business and Processing sector for food safety, HALAL, and quality improvement compliance certificates. Owing to the increased demand in the market by business to business customers including retail stores, fast food chains, distributors, and processors from different segments under agri-business (spices, fruit and vegetables, pulping, rice, livestock, etc.), the SMEs applied for and received assistance for ISO 9001, ISO 22000, ISO 14001, OHSAS

Figure 7: Geographic spread of BDS-supported SMEs

18001, Food Safety System Certification (FSSC) 22000, HACCP, and Halal Food standards. SMEA initiated support for 19 SMEs in availing such services to improve their economic performance. Their geographical spread is provided in Figure 2. These certificates will help businesses expand their clientele and to execute business agreements that have the potential to increase their next year's revenues by up to 12 percent on average. They will also not only retain current employees but also recruit two to three new employees each. Figure 3 provides the distribution of types of standards availed by the SMEs.

Furthermore, based on the previous year's market analysis, SMEA carried out a Lead Auditor Course for FSSC 22000. A total of 11 participants from eight SMEs received this training course to successfully become lead auditors. This training initiative will enable the SMEs in initiating or developing new and improved management practices. All eight SMEs that attended the session were from Lahore. Lastly, during the year, in response to the COVID-19 pandemic, SMEA

Figure 8: Certifications availed by agri-business SMEs

Certifications Availed by Agri SMEs

- Halal — 12
- ISO 22000 — 10
- ISO 9001 — 8
- HACCP — 5
- FSSC 22000 — 4
- OHSAH 18001 — 1
- ISO 45001 — 1
- ISO 14001 — 1

carried out virtual DMA trainings for interested business from the Agri business and Processing sector. A total of 22 MSMEs from Islamabad, Lahore, Karak, Hyderabad, Karachi, Khairpur, and Sukkur attended these sessions, held on May 13-14, 2020 and June 23, 2020.

Textile Sector

Prior to COVID-19, SMEA held four awareness sessions in various regions of Pakistan for 103 textile MSMEs, to disseminate information regarding the BDS program among interested enterprises. Table 2 provides a summary of these sessions.

Table 2: Summary of awareness sessions organized for the Textile sector

No.	Session Date	Location	Involved Partners	SMEs
1	December 10, 2019	Faisalabad	Faisalabad Chamber of Commerce and Industry (FCCI) and All-Pakistan Bedsheets and Upholstery Manufacturers Association (APBUMA)	20
2	December 20, 2019	Lahore	Pakistan Hosiery Manufacturers Association (PHMA)	9
3	January 8, 2020	Faisalabad	PHMA	24
4	January 16, 2020	Sialkot	Sialkot Chamber of Commerce and Industry (SCCI)	50
Total				103

Building upon this, SMEA remained thoroughly engaged with Textile SMEs by offering them various types of support, particularly during the lockdown. With the help of textile

associations, the project organized two online back to back training sessions on DMA for 40 textile MSMEs. SMEA organized these events to provide textile manufactures, exporters, and retailers an opportunity to improve their skills related to online marketing and enable them to identify new local customers through social media channels during COVID-19. The trainings were a success as the enterprises began shifting to remote operations and developing and expanding their online presence due to COVID-19. These trainings and sessions also led to the conversion of SMEs into BDS cases.

Light Engineering Sector

To enable Light Engineering SMEs to stay afloat during COVID-19, SMEA organized two online DMA training sessions for 27 SMEs from Islamabad, Gujrat, Daska, Wazirabad, Lahore, Mardan, Faisalabad, and Karachi. The participants actively engaged in the trainings to get acquainted with the basic as well as advance DMA tools, and appreciated SMEA's efforts in organizing such an informative online training under such difficult circumstances.

Moreover, SMEA also provided support to 12 Light Engineering SMEs from Peshawar, Lahore, Karachi, Rawat, Takht Bhai, and Mardan to obtain the ISO 9001, 14001, 45001, and 13485 certifications. By complying with safety, health, environmental, and quality management systems, these SMEs will be able to create local and international linkages and cater to new buyers. This will result in an increase in their incremental sales and exports by up to 10 percent.

Logistics Sector

During this year, SMEA organized an outreach session in Karachi to create awareness among Logistics MSMEs regarding SMEA's initiatives and the BDS program. The event was marketed to individual SMEs through the PIFFA. A total of 27 MSMEs participated in the session. Similarly, in collaboration with PIFFA, the project also organized a second awareness session in Peshawar, which eight MSMEs attended.

SMEs participate in SMEA's awareness session for the Logistics sector. Photo credit: SMEA

Furthermore, the project organized an online DMA training, which was attended by five MSMEs from the Logistics sector.

2.2: IMPROVED TECHNOLOGICAL READINESS AND INNOVATION

Hospitality Sector

SMEA extended BDS support to a total of three SMEs (Jazba Food, Rehman Travel Tours, and Sky Nation Tourism) related to Integra ERP, mobile application development, and E-commerce website development. Two of these SMEs are unique while one undertook BDS support twice in the same year (once during participation in a SMEA-supported exhibition). The rendered support shall enable these SMEs to digitize their business processes, giving them improved control over their internal operations, and bringing forth efficiency in their external operations. The ERP is being availed by a confectionary business in Karachi that falls under the restaurant sub-segment of the Hospitality sector. It is a long-term investment which will ensure consistency across all their business units and generate more profits in terms of sales. An android/iOS mobile application was developed for a tour-operating company based in Islamabad. The rendered support will provide increased convenience to its customers by easing their online purchasing experience. Similarly, an E-commerce website was developed for another SME from Lower Dir, which shall also serve the purpose of increased convenience for clients. This is expected to lead to a positive impact on the sales figures of all three enterprises.

ICT Sector

SMEA has been supporting Fintech and other ICT SMEs since the inception of the project. Some of the most demanded services by ICT SMEs have been PCIDSS, PADSS, and ISO certifications, which supported these businesses in building their capacity for both domestic and foreign markets by enabling them to become compliant with the internationally acknowledged standards for data security and governance. During this year, SMEA supported five SMEs in acquiring PCIDSS certifications to comply with the PCI Council's global standards, to integrate their Fintech applications with banks and other financial institutions.

Amongst these SMEs, Vaulsys specializes in flexible payment solutions to enable website and mobile channels for customer transactions and is providing their services to the largest bank in Congo. Recently they have also partnered with Rapid Compute to provide cloud-based security solutions to enhance the level of security, surveillance, and freedom to banks and Electronic Money Institutions in Pakistan. Two other SMEs, EP Systems and Hysab Kytab, offer digital wallets and personal financial budgeting applications to cater to the needs of the general public and support the financial inclusion of different segments of the society. These applications are enabling end users to adapt to digital payments and manage their expenses. In addition to these, Paysys Labs is another fintech with a vast variety of clients and has recently partnered with UnionPay to set up an acquiring platform which enables banks to process debit and credit card transactions on behalf of a merchant or business. SMEA is also supporting Retailistan, which is a retail technology startup which provides SAAS (Software as a Service) to focus on the automation of processes related to consumer good companies and retail sales processes. Nestle Pakistan, Friesland Campina, and Nivea are interested in Retailistan's retail tech and require it to obtain ISO 27001 as a pre-requisite for awarding it a contract.

Furthermore, to bridge the gap between Pakistani SMEs and US technology enterprises, SMEA onboarded BDSPs which provide Microsoft and Oracle software solutions to meet the local market demand. The project supported three SMEs with Microsoft Dynamics 365 and Oracle NetSuite ERP solutions. The first ever BDS support case for Microsoft Dynamics 365 was processed for a Karachi-based SME named CubeXS Weatherly Pvt. Ltd. It is a leading ICT company with co-locations and cloud services as its core businesses for corporate customers. CubeXS operates the only tier four compliant data center in Pakistan. They also have a data center in the US for their international customers and are providing customers with reliable and efficient triple play services over optic fiber, which includes internet, cable television, and landline telephone services. They also plan to expand their networks in Karachi and Lahore. With regards to Oracle NetSuite, two Karachi-based SMEs named Secure Beans and ITIC Systems were supported for ERP implementation that has helped them improve their operations, thereby optimizing performance and enhancing efficiency. The supported SMEs expect to expand their operations and foresee an increase of an average of 30 percent in their revenues and will also create 5-10 new jobs to support their operations.

Agri-business and Processing Sector

In comparison to other sectors, requested services such as website development, social media or software development are less common among SMEs from Agri Business and Processing sector. However, SMEA still provided support related to an ERP software and mobile applications to three SMEs from Karachi and Lahore. Through the project's support, these businesses expect to increase their next year's revenues by up to 15 percent and will also create two to three new jobs each.

SMEA also provided support to a SME related to Google G Suite subscription for 10 of its employees for six months. SMEA's assistance will help the business adapt to new technology and will enable the SME to operate smoothly by utilizing highly productive digital tools.

Textile Sector

During this reporting period, the project extended support to 12 textile SMEs to obtain ERP software, Retail Pro software, and development of E-commerce websites and applications. These services will facilitate error-free transactions and production processes and enhance operational efficiency with the help of the multi-tier distributed architecture system that will provide a highly scalable solution for each manufacturer/wholesaler/retailer/exporter. The software will also help them in streamlining their businesses in terms of data integration across all applications into a one-stop solution.

Furthermore, SMEA also supported SMEs to avail extensive DMA services as well. These entities expect to increase their jobs by two to three personnel, and with the induction

of new ICT solutions, they will improve retention of existing client orders in the next six months to one year, leading to an approximate increase of five to15 percent in their sales.

Light Engineering Sector

SMEA extended BDS support related to an ERP software to Al- Noor Electric Industries. The SME is a fan manufacturer and is availing support to streamline its processes and improving controls over internal operations. The development of an ERP is a long-term investment which shall ensure consistency across the business, and lead to the generation of additional up to two percent revenue in terms of sales.

2.3: INCREASED ACCESS TO MARKETS

Hospitality Sector

During this year, the project initiated BDS support for 15 SMEs from Lahore, Karachi, Islamabad, Hunza, Chitral, Lower-Dir, and Peshawar. The services included support with digital media marketing and branding. Digital marketing support awarded to travel-related SMEs remained on hold for almost two quarters of the year, due to government directives regarding a complete shutdown as a result of COVID-19. However, restaurants remained partially open for a few months and DMA services proved to be the only solution under such circumstances that enabled them to stay in touch with clients and manage food deliveries. The rendered support enabled these SMEs in becoming a major source for generating leads during the pandemic. Moreover, the increased number of online orders required additional human resources to manage deliveries, thereby increasing the number of jobs created.

Earlier in the reporting period, on October 8-10, 2019, SMEA supported 12 SMEs from the Hospitality sector to participate in the Pakistan Travel Mart (PTM) 2019 in Karachi. The event provided these enterprises with a unique opportunity to access new markets by showcasing their products, services, and ideas to a large target audience. These enterprises were able to explore and develop business-to-business linkages with local and international tour operators and identified international market and sales opportunities. PTM is an

SMEA's pavilion at the Pakistan Travel Mart in Karachi. Photo credit: SMEA

annual event where prominent travel and tourism related businesses come together to

exhibit their products and services, and promote inbound, outbound, and domestic travel in the country. A day prior to the event, SMEA had also organized a one-day orientation session for the 12 SMEs to build their capacity on the fundamentals of marketing to help them come at par with larger enterprises participating in the event.

ICT Sector

With a growing trend of digitization around the world, enterprises everywhere are expanding their outreach through digital channels. In this context, SMEA supported two SMEs with digital marketing and software development during this reporting period. The first, a Lahore-based telemedicine SME named InstaCare SMC received support for digital marketing, search engine optimization, and website development. InstaCare is an e-commerce marketplace for healthcare service providers that provides a listing of over 16,000 medical professionals in more than 10 cities along with home sampling services for various medical tests. Registered users can avail medical consultations from over 200 clinics, doctors, and laboratories using their online portal and mobile application. To help Pakistanis keep safe during the COVID-19 pandemic, InstaCare, through its InstaCare Corona Response Unit, provided free online doctor consultations to 6,900 patients within 10 days with the help of 286 doctors across Pakistan. This was done so patients could discuss their symptoms with qualified doctors from the safety and comfort of their homes.

SMEA also provided BDS support related to digital marketing and website development to a Lahore-based ICT SME, MS Books Publications. The SME is an e-commerce enterprise that develops content and allows customers to order it online. The content is basically resource material in the form of notes and past sample exams for subjects being taught for the Cambridge General Certificate of Education examinations. MS Books has partnered with highly experienced and skilled teachers from several local schools such as Lahore Grammar School, Beaconhouse School, and City School for content development of their publications (while owning the intellectual rights of authorship and publishing). MS Books does print its publications, however, their Business to Business (B2B) and Business to Customer (B2C) orders are placed online through their mobile application. The SME does not have a storefront and relies on its Android and iOS applications to engage customers and process book orders. SMEA is providing digital marketing and website development support to help further expand MS Books Publications' presence across digital channels and boost its revenues by 10 to 20 percent. With an increase in customer engagement, the SME will generate more leads, which in turn will require more support staff, leading to the creation of new jobs.

Agri-business and Processing Sector

With increased scrutiny and demand for the quality and safety certification around the globe, many export-oriented SMEs, especially Agri Businesses, have had to obtain certifications from internationally accredited organization to carry out their export orders and to further expand their market share. Some of these global quality and safety standards include ISO 9001, ISO 22000, ISO 14001, HACCP, Halal food, BRC, SEDEX,

and OHSAS 18001 standards. A total of 19 such agri-businesses received SMEA's support to obtain these certifications. The supported businesses expect to enter new markets as a result of these certifications and increase their export revenues by up to 12 percent on average in the following year. Each SME will also create two new jobs to support the increased business processes.

Textile Sector

During this year, SMEA extended support related to audit, consultancy, and certifications to 13 new textile exporters. Nine of these SMEs are based in Karachi, two in Peshawar, and two in Lahore. These SMEs are obtaining various certifications on a 75 percent cost share including the WRAP, Customs-Trade Partnership Against Terrorism, SEDEX, BSCI, Oeko-Tex 100, and ISO 9001, 14001, and 45001. These certifications will help these textile exporters to expand their access to new international clientele, and subsequently achieve expected growth of 10 percent in sales in the following year and improve their international presence during COVID-19.

Light Engineering Sector

During this year, the project initiated four BDS cases comprising of marketing services support covering digital media marketing, branding, and website development for Light Engineering SMEs. As businesses across Pakistan remained shut down for two to three months because of the pandemic, digital marketing enabled these enterprises to continue to market their products and services effectively. These services are expected to help increase direct sales by up to 10 percent. Furthermore, SMEA also provided Microsoft 365 cloud-based solutions to two SMEs (SAS PVC Industries for two of its employees and Tricor Pakistan for seven of its employees).

Logistics Sector

SMEA began supporting two Logistics sector SMEs to help increase their outreach and digital footprint, and to identify and attract new customers through targeted marketing. One of these SMEs, US Packaging Solution, provides effective solutions to all packaging and custom box needs of international customers and businesses. Their services include the design and development of packages and provide digital customer support. They use websites as storefronts to provide services through digital tools. The second SME, Delivery Walaa, is based in Karachi and is a one-stop online shopping marketplace in Pakistan bringing a reliable, hassle-free, and convenient shopping experience to customers. At the core of their business, they provide a reliable courier and delivery service to different users every day. They deliver orders across Pakistan within three to seven working days of order placement. Moreover, they also began offering delivery service for groceries, medicines, and other daily use items to their customers during COVID-19. The supported SMEs expect to increase their revenues by an average of 15 percent and will also create 5-10 new jobs to support their operations.

2.4: INCREASED ACCESS TO FINANCE

SMEA initiated a targeted activity to increase the financial worthiness of project's beneficiaries (SMEs) and increase their access to formal financial services. For this purpose, an Access to Finance (A2F) Analysis and Capacity Building initiative was designed to assess the financial needs of SMEs and build their capacity to access formal sources of finance. This activity seeks to address some of the challenges at both the demand (SME) and supply (financial service providers). SMEs are reluctant to pursue these services due to little or no motivation to peruse bank credit, lack of information, poor understanding towards financial services, inability to reach out to the banks, and difficulty in making the lender understand their business value chains and cashflow cycles. On the supply side, financial institutions demonstrate a general lack of motivation to pursue small ticket clients and focus on safer investments. A lack of understanding of the sheer diversity of SME sectors and their incumbent businesses, high customer acquisition costs, complicated compliance, application procedures, and documentary requirements hinder formal financial access.

During this reporting period, the CE team initiated and completed the procurement process consisting of RFP development, advertisement, technical evaluations and short-listing of a specialist firm, Duns & Bradstreet (D&B) Pakistan. Furthermore, the vendor successfully completed its first deliverable (workplan and inception report) and started work on second deliverable (GAP analysis of SMEs and consultation with FSPs) to record and analyze the sector and geographic business profiles, financial readiness, and bankability of SMEs (SMEA's beneficiaries). The contractor started telephonic interviews with CE and CF beneficiaries and so far, has conducted more than 100 telephonic interviews. The purpose of this initiative is to design and implement a capacity building program for SMEs to build their financial worthiness, knowledge base, and to improve accessibility towards financial products offered by various financial service providers. The said activity is expected to be completed in coming reporting period followed by multiple workshops with financial service providers and SMEs.

Based on a request by the SBP, SMEA successfully completed the enrollment of WLBs in on-going awareness sessions offered by SBP to create awareness pertaining to micro loans for women entrepreneurs. These sessions entailed information on the Bank's 'Refinancing Schemes,' which can be availed for up to 1.5 million PKR with no collateral and minimal markup rates. So far, SBP has disseminated two such awareness sessions through SMEA in Peshawar and Faisalabad, for a total of 42 WLBs.

SMEA also held a meeting with the CEO of Mobilink Microfinance Bank. SMEA's COR, Ms. Afsheen Shakoor also participated in the meeting. Mobilink has been working with women chambers of commerce and industry to improve the uptake of financial services by women enterprises. Two potential areas were discussed. Firstly, SMEA invited Mobilink to participate in its WLB trainings to introduce their financial services; especially those related to the Jazz Cash wallet. Secondly, this could open the door and lead to the way

for more advanced financial services such as credit and payroll. Follow-up meetings and program design have been planned for the next reporting period.

2.5: WOMEN ENTREPRENEURS RUN PROFITABLE SMES

Despite the COVID-19 pandemic and lockdowns, SMEA explored various innovative ways to create learning opportunities for interested women entrepreneurs. As a result, the project customized some of its existing activities along with designing new activities for the business development of small enterprises. To identify new clusters of WLBs, SMEA established winning partnerships with various prominent local and global private sector entities (see table 3). This enabled the project team to better understand the challenges of WLBs particularly during COVID-19, and accordingly set up induction mechanisms and offer prospects of support for a previously untapped pool of entrepreneurs. As a result of these efforts, the CE team successfully built the capacity of 375 women entrepreneurs, covering all six

New Private Sector Partnerships for WLBs
Global:
1. Facebook
2. foodpanda
3. SAARC Women Chamber of Commerce and Industry (WCCI)
Local:
1. Sialkot Chamber of Commerce and Industry (Women Wing)
2. Faisalabad WCCI
3. Durshal Peshawar
4. National Business Council of Women
5. Handicrafts Association of Pakistan

Table 3: Private sector partnerships for WLBs

geographic regions of Pakistan. Moreover, SMEA also helped increase the economic performance, improve technological readiness, and enhance access to new markets for 30 women-owned SMEs through BDS support (five of these businesses availed their second rounds of support as well). These targeted efforts to boost female participation within the entrepreneurial spheres of Pakistan has made SMEA one of the largest active programs that is working with WLBs, especially in the wake of COVID-19.
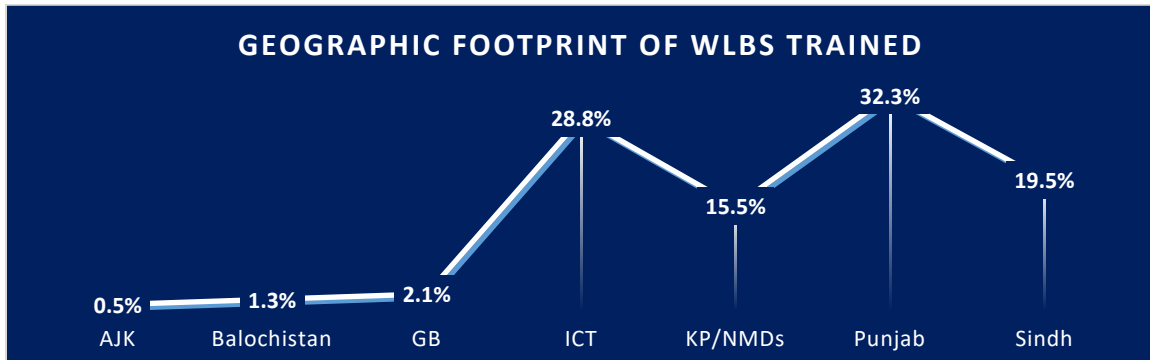
SMEA organized a series of 16 capacity building sessions throughout the year. These consisted of four types of trainings, details of which are as follows (geographic spread of the supported MSMEs can be seen in Figure 4):

1. Three Business Management and Marketing (BMM) sessions with the Women Chambers of Commerce and Industries of Islamabad and Faisalabad, for 65 WLBs.
2. One Entrepreneurship Bootcamp for women/youth entrepreneurs of KP, for 16 WLBs.
3. Four online BMM sessions with home chefs in collaboration with foodpanda, for 47 WLBs.
4. Eight online #SheMeansBusiness Trainings with Facebook, for 247 WLBs.

Figure 9: Geographic spread of WLBs trained

GEOGRAPHIC FOOTPRINT OF WLBS TRAINED

AJK	Balochistan	GB	ICT	KP/NMDs	Punjab	Sindh
0.5%	1.3%	2.1%	28.8%	15.5%	32.3%	19.5%

Each of these four types of trainings served a different purpose and catered to a different audience. Under BMM, the participants learned how to identify an ideal customer persona, to accurately determine the size of their target market, to decide appropriate product prices, and to use digital marketing tools to effectively reach their target audience. The same sessions were then held online and contextualized for micro-level food businesses, to train home chefs in collaboration with foodpanda when the

A home-based chef that participated in SMEA's BMM training in collaboration with foodpanda. Photo credit: foodpanda

pandemic was at its peak in Pakistan. The bootcamp offered a specialized agenda for young WLBs belonging to KP/NMD's entrepreneurial eco-system, covering concepts such as fundraising journey, business growth and planning, and understanding investor mindset/investor pitches. Representatives from SBP were also engaged to hold an awareness session during the bootcamp regarding micro-loans offered to improve women's access to finance. Finally, SMEA collaborated with Facebook to launch a global training program called #SheMeansBusiness in Pakistan. These online sessions focus on improving the uptake of Facebook owned platforms (Facebook, WhatsApp, and Instagram) to boost online presence and sales for small and medium-sized WLBs. This partnership is based on leveraging private sector engagement to provide free of cost trainings on online marketing by Facebook Certified Trainers (since COVID-19 has augmented the significance of marketing a business through social media, SMEA has

received over 1,000 applications from interested WLBs, and the project will continue to hold #SheMeansBusiness trainings during the next year as well).

Under sub-objective 2.2, SMEA began providing BDS support to WLBs for a range of different demand-driven services. Each of these businesses not only vary in scale, but more significantly, offer diverse products and services. A total of 18 WLBs availed BDS support for digital marketing solutions and four enterprises are in the process of acquiring ICT solutions including Google G suite, websites, software/portals, or mobile/desktop applications. These WLBs expect to grow their sales by 15 percent along with the recruitment of two to six new resources each. In addition to the existing offline operations, the launch of digital platforms for some of these WLBs will pave the way for more technologies, especially during COVID-19, where businesses across the globe are transitioning to ICT solutions and digital marketing.

Under sub-objective 2.3, SMEA provided consultancy and certifications for ISO 9001:2015 and 27001:2015 to one WLB, named PMS Pvt. Ltd, based in Gujranwala. This WLB is a software house that is looking to expand and export its technologies to new clientele across the globe.

On November 5-8, 2019, SMEA supported 12 WLBs to participate in the Learning, Innovation, Funding, and Technology Pakistan Conference and Expo 2019 in Islamabad. During the event, SMEA-supported enterprises engaged with the Pakistani diaspora, local and international investors, and the local ecosystem to create business-to-business and business-to-customer linkages through targeted pitches, panel discussions, and exhibiting their

WLBs that participated in LIFT Pakistan. Photo credit: SMEA

services and products at the USAID SMEA pavilion. During the event, SMEA also participated in a think-tank meeting on 'Catalyzing Capital for Innovation'. These project-supported enterprises comprised of a diverse group from KP, Balochistan, Sindh, Punjab, and the Federal Capital Territory, which offer products and services ranging from artificial intelligence-based research, inclusive education, online Urdu content reading platforms, textile exports, and female employee placement centers. At the event, three of these WLBs, Schola Nova, Doch, and Khawateen Rozgar, won awards for best Corporate Social Responsibility, Leadership by Example, and Most Growth Centric Start-up respectively.

Planned CE activities for the next year (October 2020 - September 2021)

- Recruit new BDSPs and digital service providers through multiple rounds of RFPs.
- Provide BDS support to 190 SMEs (including 30 WLBs).
- Provide general and technical trainings to 690 MSMEs (including 220 WLBs).
- Continue with ongoing outreach activities with connected ecosystem players such as SMEDA, P@SHA, PSEB, WCCIs, Handicrafts Association, Facebook, Engineering Development Board, and HALAL Food Authority.
- Hold skill development trainings in emerging ICT domains like Artificial Intelligence and Design Thinking under the Economic Support Fund (ESF).
- Engage a local/international consultant to develop a tourism sector revival plan.
- Engage a local consultant for special initiatives as part of WLB trainings under ESF.
- Engage a local/international STTA for technical textile trainings.
- Carry out trainings on HALAL and food safety standards.
- Plan and execute workshops aimed at capacity building of BDSPs.
- Implement the entrepreneurship program in Balochistan.
- Launch a dedicated Digital Skills Program for KP and NMDs.
- Launch the development of digital content development for trainings initiative under ESF.
- Complete the A2F study and workshops for SMEs.
- Initiate digital service trainings for KP and other provinces under ESF.
- Engage a local consultant for Lean Manufacturing Training for Light Engineering MSMEs.
- Continue discussions with SMEDA, PITB, Mobilink Microfinance, and Amazon Web Services to explore areas of collaboration.

THE CHALLENGE FUND

During this year, SMEA awarded 40 new grants (17 Innovation Grants and 23 SME Growth Grants). To date, the project has awarded a total of 87 grants (37 Innovation Grants, 47 SME Growth Grants and 3 Scale up Grants). Based on these 87 CF-supported grants, SMEA is on track for creating 3,041 jobs, revenue generation of USD 27.2 million, USD 9.3 million in direct PSI (which includes direct grantee contribution and post-grant PSI), and exports worth USD 5.3 million, with direct benefits to more than 3,000 SMEs over a period of two years. These grantees will collectively generate USD 10 for every dollar allocated through the grants.

Table 4: Summary of obligated and disbursed grant amounts

Type of grant	Total no. Awarded	Total obligation USD	Total disbursement USD (as of 09/30/20)	Spend rate (as of 09/30/20)
SME Growth Grants (Rounds 1, 2, and 3)	47	1,680,251	1,101,388	69%
Innovation Grants (Rounds 1-2 and 3)	37	1,374,107	620,921	45%*
Scale-up Grants	3	429,605	195,604	47%

* Spend rate for Innovation grants reduced due to inclusion of obligation amount for 16 new awards during the fourth quarter of the 2019 fiscal year.

Grant Closeouts

During this reporting period, 24 Round 2 grantees (SME Growth Grants and Innovation Grants) successfully completed their grant implementation and submitted their final grant deliverables and milestones. Table 5 provides a list of these grants.

Table 5: Completed grants (Round 2)

SME Growth Grants	Innovation Grants
1. ASL ACE Star Logistic Pvt Ltd	1. Closet
2. Greeno Corporation (Pvt Ltd)	2. PALS Outdoor Limited
3. Zabiha Halal Meat Industries Private Limited	3. Fresh to Go
4. Fabricon Pvt Ltd	4. Shah Alam Dairies
5. AJR Metal Fabricators Pvt Ltd	5. Farmers Cheese Making
6. Farooq Storage and Oil Mills	6. Techlets
7. Balitex Pvt Ltd	7. Kevlaar
8. Bola Gema Pakistan	8. Mega Green
9. Jessie's Café	9. The Cookery Lahore
10. Electroline	10. Hadron Solar (Pvt.) Ltd

11. Mountain Story Pvt Ltd	
12. R.K. Gears Pvt Ltd	
13. Sun Importers and Exporters	
14. Kohinoor International	

SME Growth Grants

Round 3

In response to an RFA for Round 3 SME Growth Grants published during the previous reporting period, SMEA received a total of 634 applications by the application deadline of October 25, 2019. The project screened the applications as per the eligibility criteria mentioned in the RFA and 282 eligible applications moved forward to technical evaluation. On December 9-10, 2019, SMEA organized Technical Evaluation Committee meetings in which the committee members evaluated the proposals and shortlisted 59 top-ranked applicants. On December 16, 17, and 19, 2019, the project invited the 59 shortlisted applicants to present their business proposals, following which SMEA initiated the risk assessment process for the initial 30 recommended applicants finalized from these presentations. The project completed visual compliance, reference checks, and pre-award risk assessments for theses applicants and submitted 30 vetting requests to the Vetting Support Unit (VSU) for approval. The project recommended 27 applicants for a grant award. One applicant could not qualify because it did not have the basic capacity to manage the grant award, while two applicants voluntarily withdrew their application. SMEA submitted 27 Round 3 SME Growth Grant packages to USAID for approval. USAID approved 24 and rejected three grant packages, while one grantee withdrew from the grant after signing the agreement because of challenges brought on by COVID-19. Subsequently, SMEA launched 23 SME Growth Grants during this reporting period, which are summarized in the table below.

Table 6: Summary of SME Growth Grants awarded

Sr. No	Grantee	Sector	Grant Overview
1.	Balir and Company	Agri-business and Processing	A KP-based SME that is involved in olive oil extraction, packaging, and delivery. Located in the Lower Dir region, which is a conducive habitat for olive farming, the enterprise promotes olive oil production and supports olive farmers by provision of knowledge and expertise in grafting of wild olive orchards, olive farms, and provide market access through purchase of their produce which is then sold in the market after extraction of olive oil. Through the grant, they will procure the latest olive oil extraction machines, which will essentially enable them and other farmers across

			Lower Dir and adjoining areas to extract olive oil following each harvest.
2.	Mera Sabaq Learning Systems Private Limited	ICT	An animation company that deals in 2D/3D animation and tech work. Its services include concept art/design, character generator (CG), environment modeling, CG animation web, TV series production, CG cinematic animation, visual effects and compositing, and Co-Pro IP development in conjunction with its international partners. Mera Sabaq Learning Systems has been producing animated video lessons for its ed-tech vertical. It has recently started to export its animation services to regional markets. At present, it is exporting animation services to animation and production houses in Malaysia and China. Given the increased demand and relatively low-cost labor market of Pakistan, there is a notable potential for growth in export of animation services from Pakistan. Through the grant support, Mera Sabaq Learning System will procure ten units of Hi-Tech Render Computers and six units of Hi-Tech animation computers, which will help its rendering efficiency to increase by two and a half times.
3.	Wellness Foods Processing Private Limited	Agri-business and Processing/ Women Led Business	A woman-owned processing unit that produces human consumption-grade quality dry pet feed. It started with a small home-based setup and received encouraging response. Within a short span of two years, its production capacity increased from 20 kg per week to 1.6 tons per day. In order to compete with imported pet feed, Wellness Foods produced first of its kind pet food production in Pakistan, which is fit for human consumption. The enterprise seeks to bridge the gap created due to increased duties on imported animal feed and rupee depreciation, by producing quality pet food locally. Through the grant, Wellness Foods will procure a heavy-duty non-touch specialized packaging machine which will enable its products to compete with international packaging standards and inhouse food testing lab, which will enable quick quality control checks, recipe developments, and testing of samples.
4.	Salman Corporation Private Limited	Agri-business and Processing	An SME that specializes in the production of honey, fruit jams, toppings, and sauces. It initially started honey processing in Swat (KP) and later scaled-up its production capacity by introducing morel mushrooms, fruit jams, toppings, and

			sauces and moved to a commercial production facility in Islamabad. Its key competitors are mostly imported brands. Imported food products faced a significant price hike during the last year, since the government discouraged the import of retail food items by enforcing additional import duties and taxes. Salman Corporation took advantage of the changing market dynamics and improved its variety, packaging, and social media marketing. Through the grant, Salman Corporation will procure a heavy-duty automatic induction sealing machine. The machine will not only provide efficiency in the value chain through an increase of twenty percent in the production capacity but will also improve its packaging quality, bring it at par with international brands.
5.	Blue Star Composting & Recycling	Agri-business and Processing	A KP-based SME established by a Ph.D. scholar and seasoned professional in Forestry and Chemistry in 2016 in Peshawar to manufacture organic compost from waste fruit and vegetable peelings. The main objective of the business was to conserve local waste resources and convert these into a valuable product and to disseminate the composting technology at the household level to promote kitchen gardening. BSCR currently produces compost through old fashioned composters, a grinder, a cutter, and a small-scale sifting machine. This equipment struggles to meet the increased local demand and hampers market access in neighboring Afghanistan. The grant will enable BSCR to procure the latest machines to upscale its production facility through procurement of composters, shredders, grinders, a sifting machine, an oven, a PH meter, moisture meter, and a automatic packaging machine.
6.	Colors Pakistan	Textile (Minus Spinning)/ Women-led Business	A woman-led business owned by a textile designer that provides cut-make-trim garment production solutions by outsourcing several processes in the value chain such as sourcing fabric, printing, embroidery, and other minor value additions. It stitched and finishes products in-house. Through the grant, Colors Pakistan will increase its production capacity and efficiency by procuring 40 latest auto trim stitching machines, a steam press, boiler unit, and a special ironing table.
7.	Connect Hear	ICT/ Women-Led Business	A woman-led business owned by a passionate young woman focused on sign language accessibility and deaf inclusion using technology.

			ConnectHear charges corporations for in-person interpretation services and provides video interpretation services to its Business-to-Customer (B2C) customers over multiple video conferencing platforms. Its sign language classes are offered on a paid basis, across Pakistan. Through the grant, ConnectHear will develop and launch a state-of-art ICT enabled video interpretation services for deaf individuals through its sign language interpreters supported with an effective video conferencing and studio setup enabled call center as well. It will be an online platform that connects the interpreters present at its call center to deaf individuals or corporations dealing with deaf customers all around the country remotely and instantly.
8.	Karacheese	Agri-business and Processing	An artisanal cheese-making enterprise led by a passionate Karachi-based young entrepreneur, who always wanted to make cheese using authentic techniques and high-quality ingredients. In order to expand its production capacity, Karacheese will be relocating to a commercial space through its own contribution. Through the grant funds, Karacheese will expand its production capacity on a commercial scale by procuring latest cheese making equipment including cheese vats, a vacuum packaging machine, a cold room facility, and associated accessories for value addition. The grant will also support Karacheese to develop a web-portal, a point of sales software, and an inventory management software.
9.	House of Latif	Textile (minus spinning)/ Woman Led Business	A woman-owned initiative that created "Zuria Dor', which is an evolving fashion tech brand that offers premium bridal wear, formal wear, and bespoke designs for women. It provides cut-make-trim garments production solutions through outsourcing several processes in the value chain such as sourcing fabric and other raw material, while it does embellishments, embroidery, stitching, and finishing in house. Through the grant, House of Latif will overcome technological limitations by improving customer experience on its website, inclusive of payment gateways integration, mobile responsiveness, web-page speed optimizations, and a new Enterprise Resource Planning (ERP) software to simplify existing manual business workflows to increase productivity and profitability.

10.	Khaalis & Khaas Pvt Ltd	Agri-business and Processing	An SME that processes and delivers dairy products to consumers. Khaalis & Khaas launched its milk brand 'Milkhaas' in 2017 with an aim to provide quality dairy products while ensuring hygiene and utilizing technology to safeguard the quality of milk from farm till its last mile delivery. Through the grant, Kaalis & Khaas will diversify their products by setting up a milk pasteurization, yoghurt manufacturing, and automatic packaging unit. They will also upgrade their mobile application and milk testing laboratories, which will include a milk analyzer and essential milk testing kits.
11.	PREPAC Engineering Industries Pvt Ltd	Light Engineering/Logistic	An ISO 9001:2000 and CE (EU standards) compliant export oriented light engineering firm that specializes in innovative packaging solutions (mostly pouches and sachets) for a wide range of products such as edible oil, milk, glue, beverages, confectionery, rice, sugar, flour, and more. Through the grant, PREPAC Engineering will technologically upgrade its production facility by procuring CNC Milling and Lathe machines, wire cut and drilling machines, and a state-of-the-art 3D scanner along with its essential tool sets for machines. The technological upgradation through the grant fund will enable PREPAC Engineering Industries to participate in the upcoming Interpack Exhibition, enabling it to venture out into international markets.
12.	Shazday Fruits Private Limited	Agri-business and Processing	A promising agri-business and processing enterprise based in Skardu, Gilgit Baltistan (GB) that successfully piloted the implementation of an 'apricot drying' activity in 2017. The success of its startup enabled it to establish a first of its kind fruit processing unit in Skardu. Fruits/produce are directly sourced from farmers in GB .Through the grant, Shazday Fruits will procure latest oil expeller and processing machines for almonds and walnut oil extraction, nut flours and butter, a nitrogen generator for isolating nitrogen levels for packaging that would increase shelf life, and a bottle cap sealing machine.
13.	Mukhtar Agro Farmer Solution	Agri-business and Processing	An agri-business and processing enterprise that produces processed animal feed and provides technical consultancies to dairy farms. It also specializes in producing silage from corn/maize and processed feed, locally known as 'wanda'. Through the grant, it will procure a silage packaging machine, which will effectively reduce

			wastages and will ensure consistent supply throughout the year. To overcome silage accessibility issues for its customers, grant funds will also be utilized to design and develop a user-friendly Android mobile application in Urdu and English. This will initially target Karachi-based farmers and would later be expanded to other cities.
14.	Zarkun Enterprises	Textile (minus spinning)	A promising enterprise based in Swat, KP manufactures indigenous Islampur (Swat)-based distinctive hand-woven shawls and scarfs for men and women along with value addition through handmade traditional embroidery work by artisans based in Dera Ismail Khan and Swat, KP. SMEA's grant will primarily support Zarkun Enterprise to improve its production capacity by procuring 15 additional handloom units, technical up-gradation of its POS solutions, and Management Information System (MIS) which will enable it to better manage artisans working remotely. They will develop an e-commerce enabled website for online sales. Furthermore, the grant will also contribute through ICT supplies, to increased outreach through marketing campaign inclusive of short videos and social media advertisements.
15.	National Club	Hospitality	A small-sized 25-room hotel with a restaurant facility based in D.I Khan, KP. The restaurant hall can manage 120 dine-in guests and offers a good variety of Pakistani and Chinese cuisines. Through the grant, National Club will upgrade the customer experience by replacing its outdated air conditioner for its rooms and meeting halls with latest DC inverter convertible air conditioners along with a solar power solution for uninterrupted power supply.
16.	Mechanical Design Realm	Light Engineering	A Light Engineering enterprise contributing to Pakistan's light engineering sector since 2004. It specializes in high precision mold and die making engineering. It has grown into a professional mold manufacturer unit providing mold development to various industries (pipe fittings, electronics, defense, consumer, medical, and packaging). Through the grant, Mechanical Design Realm will procure a latest CNC vertical machine.
17.	Naeem Enterprise	Textile (minus spinning)	A manufacturer and exporter of readymade garments, fabrics, baby blankets, and swaddles. It exports garments to the US, European Union, Canada, and South Africa. Naeem Enterprise is a

			socially compliant firm and maintains essential certifications including Worldwide Responsible Accredited Production, ISO 9001, Supplier Ethical Data Exchange, and a few more. Its products are made as per international standards in a safe environment and follows labors laws and standard practices. Through the grant, they will procure a latest embroidery machine which will enable them to increase their in-house capacity, which is already compliant with various production standards.
18.	Brand Batteries SMC Pvt Ltd	Light Engineering	A KP-based SME led by a young passionate entrepreneur and a qualified engineer. Brand batteries won KP's Impact Challenge Award in 2018 worth PKR 1.9 Million to establish a basic business setup. Through the grant, Brand Batteries will expand its battery production capacity by introducing an in-house facility. Grant funds will also be used to procure a new heater and a heat-sealing machine.
19.	Zeal Food & Beverages Pvt Ltd	Agri-business and Processing	A KP-based agri-business and processing enterprise that produces pulp, jams, sauces, vinegar, and juices from local produce. Through the grant, Zeal Food & Beverages will upgrade its production unit with a new tetra packaging machine, which will increase the shelf life of juices from three to six months and will also enable the business to expand into Afghanistan's market. Through the grant, the business will also procure state-of-the-art homogenizer and reverse osmosis machines to improve the texture, flow, flavor, and health benefits of its products.
20.	Amnas Naturals & Organics	Women led Business (WLB)	A Lahore-based enterprise led by a passionate woman entrepreneur, who learned the traditional art of spice and food processing from her family. Over the years, she kept that practice alive by selling spices to close friends and family members. For the past few years, her clientele started to grow, and she decided to turn her household hobby into a commercial business. With help from her son and a childhood friend, she established 'Amna's Naturals & Organics'. While establishing her business, she has faced multiple growth challenges related to processing, packaging, and equipment. At present, the processing and packaging of her products relies on manual labor, which is inefficient and time-

			consuming. This limits the enterprise from fulfilling large orders and demand for products. Through the grant, Amna's Naturals & Organics will procure the latest food processing machines and packaging solutions, including an oil filling machine, dough mixer, heavy duty spice grinding machine, grain/flour grinding machine, latest nitrogen flushing vacuum seal machine, food dehydrator, a commercial baking oven, and a few more machines needed to aid the processing and packaging of products.
21.	Play Furn	Women led Business (WLB)	A woman-owned enterprise that has been manufacturing children's furniture since 1987. The business started with a concept to manufacture furniture that could be flat-packed and assembled using the concept of cross lap joining. Currently it offers over 20 product lines. Many of its pieces use multiple materials in execution that includes aluminum castings incorporated into woodwork. It has delivered artistic child-friendly school furniture to over 30 schools in Karachi. Recognized for its fine and detailed oriented work, it has also restored over 100-year-old furniture pieces for the Karachi Port Trust, where dilapidated colonial furniture was creatively transformed to give an antique aesthetic, which was used for their officers' lounge. Over the years, lack of effective marketing and sales activities has lowered its market share and resulted in decreased revenues. Lower net margins along with long receivables periods result in funding constraints for new orders. To overcome its identified growth issues related to outreach and increasing it revenue, the grant funds will support Play Furn to redesign and technologically upgrade its website by integrating order placement and payment gateways. The website will be promoted with an effective mix of conventional and social media campaigns, design and development of product catalogues, and social media campaign through Facebook and Instagram. By investing in marketing and sales promotion, the company will be able to diversify and grow its customer base
22.	VRK Studios	Women-led Business (WLB)	VRK Studios is a fitness training studio in Islamabad owned by a young woman. VRK Studios gained an encouraging traction since it started in 2017 with a small rented space of 500 sq. ft and in a short span of time expanded into a

			bigger studio space of 1,300 sq. ft with more time slots available to engage more trainers to conduct additional group classes for women. There has been a 102 percent increase in the number of monthly classes during 2018-19. The enterprise now aims to expand its studio into a fitness and wellness center as it believes that regular exercise classes, skill building activities, support group sessions, and training workshops will induce wellness into enrolled women and encourage them to adapt a healthy lifestyle. VRK's vision is to provide women a platform that offers them a space to connect, engage, and feel strong. Through the grant, VRK studios will procure latest gym supplies, professional certification on ISSA Group Fitness and ISSA Master the Science and Psychology of Nutrition Coaching for its two trainers. The grant funds will also be used to initiate a Training for Trainers Course Program through the ISSA Certified trainer and will train 6 additional trainers.
23.	Nano IT Solutions	ICT/ Hospitality	A KP-based enterprise led by a qualified computer software engineer and a passionate computer games developer. The enterprise specializes in the creation of immersive human experiences through simulations. It is recognized as the first startup in Pakistan to develop indigenous motion simulator platforms. Nano IT Solution gained its unique selling proposition by self-designing and developing an end-to-end virtual reality experience, inclusive of electronics, hardware, software, and its content at half price as compared to imported solutions. Through the grant, Nano IT Solutions will upgrade existing content and develop new VR-based 360-degree content promoting Pakistani tourism. It will expand its franchise network and outreach by opening a new office in Islamabad, recruit a sales team to attract investors and expand its franchises across Pakistan, reinforced through social media marketing and development of a web portal.

Grant Closeouts

During this reporting period, Salmans Corporation Pvt Ltd., a Round 3 SME Growth grantee, successfully completed its grant implementation and submitted the final grant deliverables and milestones.

Round 4

On July 12, 2020, SMEA launched a special round of COVID-19 SME Growth Grants and published advertisements in all leading national and regional newspapers and on USAID's social media platforms. The deadline for submission of applications was August 25, 2020. In response to the advert, the project received an overwhelming response: the CF team disseminated solicitation documents to 6,140 potential grant applicants.

Subsequently, in July and August 2020, SMEA organized six virtual pre-application orientation sessions for 292 potential grant applicants (including 81 women). Due to COVID-19, this was the first time that SMEA had organized these sessions online. The CF team oriented the participants on the CF, mechanism for SME Growth Grants, application process, and budget

SMEA's virtual pre-application session.

templates. This was followed by a questions and answer session.

SMEA received a total of 892 applications by the August 25, 2020 deadline. SMEA carried out initial screening of these applications and out of 892 applications, 450 were marked as eligible while the rest were marked as either ineligible or duplicates. Eligible applications along with the mandatory documents were then shared with Technical Evaluation Committee members for further scoring.

Innovation (Solve the Challenge) Grants

Round 2

Horizon Fashion, the last ongoing Round 2 Innovation Grantee continued to make progress with grant implementation. Through the grant, Horizon Fashion has developed a state-of-the-art design studio that provides a platform to export-oriented SMEs to deliver quality designs, secure international orders, and strengthen the standing of Pakistani-made garments in highly competitive markets. The grantee also procured a computerized and automatic cutting, stitching, and printing machine and a licensed design software. The grantee has successfully completed all the grant activities and SMEA is in process of formally closing the grant.

Round 3

On January 26, 2020, SMEA advertised an RFA for Round 3 of Innovation Grants in leading national newspapers, with an application deadline of March 8, 2020. The RFA was also posted on USAID's social media platforms. In response to the advertisement, the project disseminated 3,500 RFA forms to interested potential applicants and registered 1,580 (on a first come first serve basis) for pre-application co-creation workshops.

Subsequently, SMEA organized six pre-application co-creation workshops in Islamabad, Peshawar, Lahore, and Karachi for potential grant applicants. Attended by a total of 717 potential applicants (including 212 women), the purpose of these workshops was to orient the

Potential grant applicants participate in SMEA's co-creation workshop in Karachi. Photo credit: SMEA

participants on pre-identified challenges that are part of grant solicitation, answer questions related to the application process, and help stimulate creative thinking to find innovative solutions for identified challenges. The participants were also oriented on the main methodological elements of a user-centered innovation process.

SMEA received a total of 488 grant applications by the application deadline. Based on the initial screening of applications, 166 applications were marked eligible based on the basic eligibility criteria and relevancy and were forwarded to the Technical Evaluation Committee members for technical evaluations. The remaining 322 applications were marked either ineligible or duplicate applications.

On April 22-23, 2020, SMEA organized online TEC meetings. During these meetings, the TEC members that included a Business Analyst, a Financial Reviewer, Technical Sector Experts, and members of SMEA's CF team evaluated 166 eligible applications and ranked them accordingly. SMEA invited the top 36 ranked applicants to participate in the project's four-day Business Development Workshop from May 4-7, 2020. This workshop, which the project usually organizes in different cities across Pakistan, was done online as a result of the COVID-19 pandemic and the subsequent lockdowns imposed by the federal and provincial governments. Facilitated by experienced SMEA mentors, the purpose of the workshop was to assist potential grantees to further develop business concepts and

improve their business plans. The enterprises received guidance on visual thinking, designing solutions, building a core team and strategic partners, bootstrapping products for grantee investments, and technology validity.

On June 1-5, 2020, SMEA organized a five-day online Pitch Training Workshop for 35 shortlisted potential Round 3 Innovation Grant applicants. The project had originally planned to organize this workshop in three cities across Pakistan, however, due to the COVID-19 pandemic the event was held online. Attended by a total of 49 participants (including 13 women) representing 35 enterprises, the potential grantees learned how to effectively deliver and structure sales pitches for their innovative ideas.

Following the successful completion of the Pitch Training, on June 22 - 26, 2020, SMEA organized the final pitch sessions for 35 shortlisted potential Innovation grantees. These final pitch sessions were held virtually through Zoom and attended by a total of 43 participants, including nine women. These SMEs pitched their ideas to a panel of two scoring members and one observer from USAID and answered questions from the panel in order to qualify for the next round.

Following these technical evaluations and final pitches, 21 applicants made to the Pre-award Risk Assessment stage. On July 1, 2020, SMEA organized an online pre-award assessment orientation session for the top 21 ranked applicants. To mitigate the delay of an essential CF workplan activity due to the Covid-19 situation, the CF team conducted assessments virtually through Zoom. The session, attended by a total of 33 participants (including 10 women), oriented the SMEs with the process, pre-requisites of the pre-award risk assessment, required documents, vetting information, reference check, and other relevant documents.

During July and August 2020, the CF team carried out virtual pre-award risk assessments for 21 potential grantees from Abbottabad, Chitral, Gilgit Baltistan, Islamabad, Karachi, Lahore, Peshawar, Quetta, and Sialkot. During these assessments, the team conducted detailed assessments and reviewed applicants' organizational policies, practices, and worked on the detailed budgets in line with comments received from

SMEA's Technical Evaluation Committee members evaluating grant applications. Photo credit: SMEA

technical evaluators and feedback from the oral presentations.

Finally, SMEA submitted 17 grant packages to USAID for approval after receiving vetting approvals from the Pakistan Vetting Support Unit. USAID approved all 17 grants and the project signed grant agreements with 16 grantees (Universal Automotive withdrew from the grant agreement as the project was not deemed viable by the grantee any longer). Table 7 provides a summary of these grants.

Table 7: Summary of Innovation Grants awarded

Sr. No	Grantee	Sector	Grant Overview
1.	Sana Traders	Women-Led Business	A woman-led enterprise exporting Himalayan salt product to 145 international customers across 43 countries around the world. Sana Traders has become one of the leading companies to manufacture and export Himalayan salt products from Pakistan. Through the grant, Sana Traders will procure latest packaging machines that will enable it to produce smaller shelf ready packs, metal detector to be used for food grade inspection with conveyor belt, and a salt block making machine.
2.	Hallmark Textiles	Textile (minus spinning)	Produces knitted socks. Hallmark Textiles started operations through a setup of 40 imported knitting machines, based in Lahore, with the capacity to produce 42,000 knitted pairs of socks per month. Through the grant, Hallmark will procure the latest machines to enable it to carry out inhouse stitching, pressing, and packaging for its product as per customer demands.
3.	KB Business Services	Agri Business & Processing (off farm)	An experienced enterprise that delivers technical services for enabling farmers and agri-businesses to make high quality products. KB Business has been a reliable source of procurement for a variety of small to medium sized agri-business machines and tools from international vendors. Leveraging from its experienced technical capacity in agribusiness and processing, KB Business aims to establish a state-of-art peanut butter manufacturing facility. Through the grant, KB Business Services will procure a latest peanut butter manufacturing plant comprising of 14 different types of commercial processing and packaging machines. The plant will have the capacity to processes 100kg of groundnut per hour. The grant will also be utilized to design and develop a website to promote its products supported by an effective social media campaign.
4.	Red Marker Systems Private Limited	Women-Led Business	A WLB that provides advanced digital solutions to overcome the existing caveats in the country's education system. Red Marker is providing a digitalized alternative to revamp the entire traditional marking system to overcome major shortcomings, that will instill trust, improve cost-effectiveness, substantially decrease processing times, and

			add value for clients such as annotated data for complex micro-level analytical reports useful for policymaking and goal setting. Through the grant, Red Marker will be able to innovatively upgrade and improve its existing product (rMarker) with value added features such as rubric marking, real-time photo capturing, enhanced onscreen marking tools, marking through speech recognition, and improve security.
5.	Aayz International	Light Engineering	A promising SME that produces composite sports goods production, which it currently exports to Holland, US, Australia, South Africa. Through the grant, Aayz International will procure specialized machines to enable them to fabricate and produce sports goods through Carbon Fiber Reinforced Thermoplastics (CFRTP) on a commercial scale.
6.	Tech Valley Pvt. Ltd	Hospitality	Offers a one stop shop for the tourism and hospitality sector by providing digital services for local hotels and restaurants. Tech Valley is an Abbottabad, KP-based technology firm, that uses technology to help enterprises build successful businesses and to increase positive social interaction through transformation of the entrepreneurial ecosystem of the tourism rich mountainous regions. Through the grant, Tech Valley will design and develop a comprehensive ICT-based tourism platform with a robust technological interfaces to support and plug tourism related products and services and resolve the challenge of information asymmetry, convenience, and transactional transparency through digital payments and digital content.
7.	MyTravel Guide Private Limited	Hospitality	Provides end to end online solutions for local as well as foreign travelers visiting Pakistan. MyTravel Guide provides comprehensive travel guides of over 280 destinations across Pakistan. Through the grant, My Travel Guide will enhance the traveler's experience right from planning till on-ground facilitation, through innovative upgradations to its web portal and will integrate it with the most technologically advanced features of chat bot and intelligent itinerary creator.
8.	Royal Dairies & Food Products	Agri Business & Processing (off farm)	A women-led dairy processing enterprise based in Peshawar, KP. Royal Dairies supplies chilled milk packed in food grade pouches to its 300 regular home-based customers. Royal Dairies has been amongst a few rare fresh milk suppliers in Peshawar, that took an initiative of opening up a branded flagship outlet for its branded fresh milk and diversified into milk processing for branded traditional yoghurt based sauce, plain and flavored yoghurt, clarified butter (plain butter, milk-based traditional ice cream. Through the grant, Royal Dairies will bring technological innovation to its processing value chain by introducing a latest pasteurization unit with a chilling

			capacity of 1,000 liters per hour, a commercial scale milk pouch packaging machine, ice cream plant along with packaging machine, and small freezers for its ice creams to be placed in shops.
9.	Merafuture SMS-Pvt. Ltd	Women-Led Business / ICT	A woman-led initiative that strives to be Pakistan's first and reliable Artificial Intelligence (AI) based career counselling company for intermediate students. Merafuture has developed an online multidimensional career counselling test, which assess students on their personality, interest, and strong subject areas. The results of the test are reported in career assessment report, which gives students results of these dimensions along with suitable careers. Through the grant, Merafuture will develop and launch a user-friendly AI based mobile application. This mobile app will be for android and iOS users and will be used by potential students/customer to attempt the career test.
10.	Fowrry Technologies	Agri Business & Processing (off farm)	Fowrry Technologies is providing an online last mile delivery platform, bringing together sellers and end-users and providing convenience in the routine daily life purchases of fast-moving consumer goods across Islamabad and Rawalpindi. The user-friendly online platform allows other enterprises to list and market their products on the Fowrry website and mobile applications for consumers to make online orders. It delivers commodities to the doorstep through a fleet of delivery riders supported by operational and customer support teams. The grant will enable Fowrry to procure much-needed machines for washing, grading, and packaging fresh produce, which will enhance its capacity manifolds. Grant funds will also be used to scale-up Fowrry's outreach through a comprehensive social media marketing campaign.
11.	Khanmart	Agri Business & Processing (off farm) / ICT	An online dry fruit enterprise that started operations in 2019 from Quetta. Leveraging from the geographic importance and supply strength of Balochistan, being a hub for premium quality dry fruits, Khanmart has been delivering high quality dry fruits as compared with outlets located in other cities. Through the grant, Khanmart will innovate and diversify its current approach of online sales and delivery mechanism from its existing online setup comprising of a basic website and a mobile application to an online marketplace.
12.	Earth Factor Pvt. Ltd.	Hospitality	A software solutions development enterprise that developed and operates 'Offto', which is an online tourism and hospitality aggregation platform. Earth Factor aims to become a leading online marketplace for all travel and tourism related buyers and sellers, exclusively for the Pakistani market. Offto has developed an innovative online platform to cater for the Pakistani tourism and hospitality sector. Through the grant, Offto will expand the range of

			its accommodations to cover some of the lesser explored and remote destinations in Pakistan. Its research indicates that there are many unexplored quality guest houses and holiday home options in many such remote destinations of Pakistan
13.	Frank Fries Pvt. Ltd.	Women-Led Business / Agri Business & Processing (off farm)	A woman-led enterprise based in Pakpattan, Punjab. Frank Fries began in 2016 as a student-led startup with a French fries cart for students located at the Lahore campus of Virtual University. Frank Fries started producing its branded frozen fries from a small cottage industry and eventually expanded to commercial production. Through the grant, Frank Fries will automate and increase its production capacity, which will address its rapidly growing market needs and innovatively reduce potato wastage. Frank Fries will procure an electric potato washing and peeling machine, a commercial boiler, automatic fryer, fries cutting and sorting machines, and cold storage equipment. The proposed activity will increase its production capacity from 500 kg per day to 2,000 kg per day.
14.	Raiz & Sajjad Surgical Pvt. Ltd.	Light Engineering	A Sialkot- based enterprise that manufactures surgical and dental instruments sells its products locally and globally to over 50 countries. Raiz & Sajjad have a significant competitive edge in pricing over German products. In terms of quality, its products comply with international standards set by FDA, CE mark, ISO 9001 and ISO 13485, and the enterprise has also secured 'Free Sales Certificate' from Pakistani provisional health departments. Through the grant, Raiz and Sajjad Surgical will procure vibrator polishing machines, a centrifugal machine, grinding machines, and a high-end CNC milling machine. The vibrator and centrifugal polishing machines will enable it to polish its products through an automated process which will produce high quality finishing. The SME already has orders in the pipeline for its products, provided they are polished using such machines.
15.	Mountain Fruits Pvt. Ltd.	Agri Business & Processing (off farm)	Mountain Fruits Company is producing and processing international standard dry fruits and nuts. Its products include dried cherry, dried apples, almonds, and walnuts and it also has international certifications (FLO-Fairtrade, organic certifications (EU, NOP and Bio Suisse) and HACCP. Mountain Fruits Private Limited has recently constructed a new dry fruit and nuts retail packing facility in Nasirabad, Hunza to cater to the retail market for organic certified producers. Through the grant, it will procure a state-of-the-art packaging plant consisting of multiple machines essential for quality packaging of different sizes.
16.	North Naturals	Agri Business &	North Naturals Pakistan is a Chitral, KP based enterprise that produces and markets plant-based health and beauty

| | Pakistan (Pvt.) Ltd | Processing (off farm) | products for conscious and affluent urban customers. Through an exclusive network of collection clusters in the valleys of Hindukush, Karakorum, and Himalayas region of Pakistan, the company collects these rare and unique botanical resources. They are then processed into premium quality products in its existing production facility in Chitral. The grant funds will assist the enterprise in acquiring a commercial scale processing machinery and establishing a quality control laboratory in its new facility. |

Scale-up Grants

Round 1

Following USAID's approval, on October 10-11, 2019, SMEA awarded three Scale-up Grants to Unicorn Black, Vceela Private Limited, and Darewro Private limited. The project also recruited short-term technical experts during this reporting period to review implementation progress of these grantees on a monthly basis, in addition to monitoring by project staff.

These Scale-up grantees continued to successfully implement their projects. Table 8 provides a summary of the grant implementation status.

Table 8: Summary of grant implementation of Scale-up Grants

Sr. No	Grantee	Sector	Grant Implementation Status
1.	Darewro Delivery Services	ICT	Darewro Delivery Services was launched by five young university graduates from Khyber Pakhtunkhwa and the NMDs and is an ICT-enabled motorbike delivery service in Peshawar. Grantee finalized project development and assigned resources towards project development. Deliverables of first, second, and third milestone were successfully completed by the grantee that included the development and integration of Financial Management Information System, Human Resource Information System, customization of IT infrastructure for low bandwidth areas, and Integration of weather APIs.
			Peshawar's District Administration took Darewro on-board to deliver essential commodities and services to the community and became their official partner, especially during COVID-19.
			Grantee is working on its fifth milestone that relates to the development of data analytical tools and requisite resources have been assigned by the grantee to work on

| | | | the business intelligence part for more comprehensive decision patterns.

In addition to project activities, the grantee continued its delivery services for providing food, clothes, grocery, and medicines through its trained staff and is working on the expansion of these services to other surrounding areas as well. |
|---|---|---|---|
| 2. | Vceela | Access to export markets | Vceela has developed a village-to-world marketing model that allows artisans from smaller cities and villages in Pakistan to connect with global markets, without the need to have digital skills. This innovative idea disrupts the traditional middleman business model, allowing artisans to directly sell and market their products to consumers.

Vceela successfully completed the first four milestones that included development and practical testing of the B2B web portal and PayPal payment feature module, registration of 2,000 new artisans, development of a user interface/experience, application programming interface, SMS delivery system, Artisans Directory Portal, a seller center website, production of 20 video tutorials for artisans, and the initiation of a marketing campaign, and development of seller mobile apps for Android & iOS.

In response to the COVID-19 pandemic, to safeguard artisan businesses from going bankrupt, the grantee purchased products from the artisans on recurring basis and through digitization of these products the products were being displayed on grantee's website that is a two sided market place and also making sales through digital exhibition that is giving good sales and also helping the artisans in continuing their businesses.

The grantee is currently working on deliverables for the sixth milestone that relates to the registration of 3,500 artisans, development of made-to-order products, integrated mobile applications, and conducting digital/physical exhibitions. |
| 3. | Unicorn Black | Access to export markets | Unicorn Black successfully completed its first three milestones, which included recruitment of technical staff, development of a storyboard and screenplay, and a complete movie animatic with voiceovers. They also procured high-end computer desktops, graphic cards, hard drives, a body motion capture suit, hand motion capture gloves, concept art for main, and secondary characters and environments. |

			Due to COVID-19, staff of Unicorn Black had to work from home and the grantee faced challenges in recruiting new staff. The grantee is currently working on the fourth milestone, which includes a 3D model and rig of characters, and 3D environment models. Furthermore, the grantee worked on the development of a two-minute sequence that will be pitched to distributors and other potential partners in Hollywood.

Round 2

SMEA announced the second round of Scale-up Grants on April 15, 2020 to grantees who successfully completed their project activities. A total of 28 business plans were submitted to SMEA on May 31, 2020 and the CF team carried out an initial assessment for the basic eligibility. A total of 22 grantees fulfilled the eligibility requirements, and the remaining six plans were deemed ineligible. SMEA subsequently shared these 22 qualifying business plans with financial, business development, and technical evaluators. Following these evaluations, SMEA organized virtual final pitches through Zoom in which 22 SMEs pitched their business proposals to a panel of judges.

The judges shortlisted top eight ranked applicants to proceed to the pre-award risk assessment stage. The project sent written intimations to unsuccessful applicants. The CF team carried out visual compliance and reference checks for these eight enterprises and submitted four Partner Information Forms to the Pakistan Vetting Support unit for clearance.

During September 2020, the team carried out pre-award risk assessments for the following seven potential Round 2 Scale-up grantees:

- Mega Green
- Farooq Storage and Oil Mills
- GreenO Corporation Pvt Ltd
- Bykea Technologies Pvt. Ltd
- Sehat Kahani
- Find My Adventure
- Unikrew Solutions Pvt Ltd

During pre-award risk assessment, the team conducted detailed assessment and reviewed applicant's organizational policies, practices, and worked on the detailed budgets in line with the comments received from technical evaluators and feedback from the oral presentations.

Planned CF activities for the next year

- Technical Evaluations Committee Meeting – SME Growth Grant Round 4 (October 2020).
- Submission of vetting clearance requests for Scale Up Grants Round 2 (October 2020).
- Submission of Scale-up Round 2 grant approval packages to USAID for approval (October/November 2020).
- Final Pitch Sessions for SME Growth Grant Round 4 (November 2020).
- Submission of vetting clearance requests for SME Growth Grant Round 4 (November 2020).
- Pre-award risk assessments for SME Growth Grant Round 4 (November/ December 2020
- Submission of SME Growth Grant Round 4 Grant approval packages to USAID for approval (December 2020)

MONITORING AND EVALUATION

During this performance period, SMEA's Monitoring and Evaluation (M&E) team provided continuous support in tracking of track work plan activities, indicator targets and due diligence activities. M&E team collected baseline and quarterly progress data from partner SMEs receiving CF grants and BDS services. It also conducted annual survey of training only SMEs to collect their feedback and implementation of skills and knowledge acquired during the training.

During the year, SMEA revised its Activity Monitoring Evaluation and Learning Plan (AMEP) and aligned its results framework with USAID's new Strategic Results Framework and Country Development Cooperation Strategy (CDCS). SMEA also rationalized its targets to conform with the project contract. The revised AMEP document was approved by USAID in August 2020. In addition, a detailed M&E Procedure Manual was developed to define details of each process involved in data collection, collation, analysis and retrieval process. The document is an extension to the approved AMEP document detailing the procedures, controls and reliability at every level.

This was SMEA's second year of reporting against key indicators. Baselines were set for more than 100 SMEs who started interventions during the year. Likewise, progress data were collected from more than 150 SMEs on quarterly basis. A telephonic survey was also conducted to report implementation of output indicators of new technology, management practices and markets. More than 400 SMEs who attended different trainings provided evidence of implementation against the output indicators.

SMEA's M&E team quickly responded to adjust data collection and procedures during the COVID-19 lockdown and restrictions on physical mobility of staff. SMEA immediately implemented two online platforms – Microsoft Forms (part of Office 365) and SurveyCTO – to collect M&E data from partner SMEs. Using online forms developed within these platforms, the team facilitated the overall data collection loop, including SME registration, trainee registration, trainees' attendance, baseline and progress data collection and training evaluation. The team also utilized Skype and Zoom as online meeting tools to communicate with partner SMEs. To further strengthen field-level M&E, SMEA hired three regionally-based Program Assistants to directly reach out to SMEs and improve coordination between SMEA and its beneficiaries.

The M&E team placed special emphasis on verifying the milestones and progress data of CF grantees. The team verified 100 percent of CF grant milestones before any payment was made to grantees. Similarly, the team held virtual monitoring meetings with grantees to verify their deliverables. As part of its regular support to program teams, the team provided orientations/trainings to SMEA staff on data AMEP indicators and data collection formats. The M&E team also provided orientations to partner BDSPs and grantees on M&E data requirements during the lock down period, and trained all partner SMEs during site visit meetings on the Baseline and Survey CTO tools. M&E team representatives

participated in all site verification meetings to provide their input on possible impact of interventions and ensured the required due diligence.

During the year, SMEA made further improvements to its web-based data storage, retrieval, and visualization system, DevResults. The M&E team created customized dashboards in DevResults for senior management and program teams to effectively use data in routine decision making.

Reporting on results is one of the core functions of the M&E team. During the year, M&E ensured timely presentation of results to both internal and external audiences. M&E provided data to USAID's PakInfo System & TEAMS (formerly known as TraiNet) on quarterly basis. The performance against AMEP indicators was captured in the Indicator Tracking Tables (ITT) with detailed disaggregates on quarterly basis. It was an eventful year for SMEA and M&E with impressive results achieved despite challenges posed by the COVID-19 pandemic.

Indicator Tracking Table

SR #	INDICATOR	UNIT OF MEASUREMENT & (REPORTING FREQUENCY)	REPORTING YEAR TOTAL	REPORTING YEAR TARGET AS PER APPROVED AMEP	% OF REPORTING YEAR TARGET ACHIEVED TO DATE	DETAILS/DISAGGREGATION OF RESULTS FOR REPORTING QUARTER and Remarks
**INDICATOR TRACKING TABLE (OCTOBER 2019 – SEPTEMBER 2020)**
MISSION LEVEL						
DO / Project Goal 3: Increased Private sector Led Inclusive Economic Growth/ DO1: Expanded Writ of Government Along The AF/PAK Border Region						
IR /Project Objective 3.1: Business enabling environment improved						
1	Ind. 3.1.1a: Number of economic growth policies advanced as a result of USG assistance	Number of policies, regulations, laws and institutions	13	20	65%	For data disaggregates on Policy Name/Area, Stage of Advancement, see Annexure I
2	Ind. 3.1.2a: Number of micro, small and medium enterprises (MSMEs) that accessed finance as a result of USG assistance	Number of entities	18	20	90%	For data disaggregates on Sector and SME Gender, see Annexure I
3	Ind. 3.1a: Percentage of micro, small or medium enterprises (MSMEs) reporting improved business conditions as a result of USG assistance	Percentage of enterprises	-	20%	-	This indicator's frequency is bi-annual and requires a dedicated survey. Data on it will be collected in FY 2021.

SR #	INDICATOR	UNIT OF MEASUREMENT & (REPORTING FREQUENCY)	REPORTING YEAR TOTAL	REPORTING YEAR TARGET AS PER APPROVED AMEP	% OF REPORTING YEAR TARGET ACHIEVED TO DATE	DETAILS/DISAGGREGATION OF RESULTS FOR REPORTING QUARTER and Remarks
**INDICATOR TRACKING TABLE (OCTOBER 2019 – SEPTEMBER 2020)**
4	Ind. G.1: Number of jobs/employments attributed to SMEA	# of jobs (Annual)	11,522	8,000	144%	For data disaggregates on Sector and Reporting Period, see Annexure I
IR /Project Objective 3.2: Employment opportunities increased/ IR1.3: Economic opportunities increased
5	Ind. 3.2.0a_1.3c: Number of full-time equivalent jobs created as a result of USG assistance	Number of FTE jobs	2,825	5,085	55%	For disaggregate on male/female, Sector & reporting period, see Annexure I
6	Ind. 3.2.3a. Number of MSMEs supported by USG assistance	Number	722	1,348	53%	For disaggregate on Sector & reporting period, see Annexure I

	INDICATOR TRACKING TABLE (OCTOBER 2019 – SEPTEMBER 2020)					
SR #	INDICATOR	UNIT OF MEASUREMENT & (REPORTING FREQUENCY)	REPORTING YEAR TOTAL	REPORTING YEAR TARGET AS PER APPROVED AMEP	% OF REPORTING YEAR TARGET ACHIEVED TO DATE	DETAILS/DISAGGREGATION OF RESULTS FOR REPORTING QUARTER and Remarks
7	Ind 3.2.3b: Value (in US dollars) of private sector investment leveraged to support entrepreneurship through USG assistance.	Number of USD	USD 13.2	USD 5 Million	277%	For disaggregate on Sector, SME Size, see Annexure I
8	Ind PPR GNDR-2: Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income or employment)	Percentage of female program participants	59%	20%	295%	For disaggregates on Province/Region, see Annexure I
	SMEA					
	GOAL: To improve competitiveness of Pakistani SMEs					
	IR /Project Objective 1: Improved Business Enabling Environment					
9	Ind. 1.1: Number of reforms consistent with the World Bank benchmarks on doing business are recommended for improvement	# of reforms	6	6	100%	For Policy Names/Titles and Province/Region, see disaggregates in Annexure I

	INDICATOR TRACKING TABLE (OCTOBER 2019 – SEPTEMBER 2020)					
SR #	INDICATOR	UNIT OF MEASUREMENT & (REPORTING FREQUENCY)	REPORTING YEAR TOTAL	REPORTING YEAR TARGET AS PER APPROVED AMEP	% OF REPORTING YEAR TARGET ACHIEVED TO DATE	DETAILS/DISAGGREGATION OF RESULTS FOR REPORTING QUARTER and Remarks
10	Ind. 1.1.1: Number of USG assisted meetings with government officials	# of meetings	39	10	390%	For disaggregate on Policy Area/Title & Province, see Annexure I
11	Ind. 1.1.2: Number of entities receiving USG supported capacity enhancement on policy development, analysis and implementation	# of entities	5	3	166%	For disaggregate on Entity Type & Province, see Annexure I
12	Ind. 1.2.1: Number of USG-assisted organizations that participate in legislative proceedings and/or engage in advocacy	# of organizations	3	6	50%	For disaggregate on Entity Type, Entity Scope & Province, see Annexure I

INDICATOR TRACKING TABLE (OCTOBER 2019 – SEPTEMBER 2020)						
SR #	INDICATOR	UNIT OF MEASUREMENT & (REPORTING FREQUENCY)	REPORTING YEAR TOTAL	REPORTING YEAR TARGET AS PER APPROVED AMEP	% OF REPORTING YEAR TARGET ACHIEVED TO DATE	DETAILS/DISAGGREGATION OF RESULTS FOR REPORTING QUARTER and Remarks
13	Ind. 1.2.2: Number of SMEs and private sector entities participating in events for public/private stakeholders to facilitate private sector engagement in policy making	# of entities	52	3	1,733%	For disaggregate on Entity Type & Province, see Annexure I
14	Ind. 1.2.3: Number of events for public/private stakeholders to facilitate private sector engagement in policy making as a result of USG assistance. (Pak-Info-2.2.2b.)	# of events	11	3	366%	For disaggregate on Event Type & Province, see Annexure I
IR /Project Objective 2: Improved Economic Performance of Focus Enterprises						
15	Ind. 2.1: Value of incremental sales attributed to SMEA	% of incremental sales	35%	33%	106%	For disaggregate on Sector & SME Size, see Annexure I As per approved AMELP, the incremental target till Sep 30, 2020 is 45%; which includes 12% target corresponding to previous year. Hence, the differential target of 33% is taken for current year.

	INDICATOR TRACKING TABLE (OCTOBER 2019 – SEPTEMBER 2020)					
SR #	INDICATOR	UNIT OF MEASUREMENT & (REPORTING FREQUENCY)	REPORTING YEAR TOTAL	REPORTING YEAR TARGET AS PER APPROVED AMEP	% OF REPORTING YEAR TARGET ACHIEVED TO DATE	DETAILS/DISAGGREGATION OF RESULTS FOR REPORTING QUARTER and Remarks
16	Ind. 2.2: Value of incremental exports attributed to SMEA	% of incremental exports	47%	37%	127%	For disaggregate on Sector & SME Size, see Annexure I As per approved AMELP, the incremental target till Sep 30, 2020 is 40%; which includes 3% target corresponding to previous year. Hence, the differential target of 37% is taken for current year.
17	Ind. 2.4: Percentage of Women-Owned/Led SMEs engaged through grant funding	% of women owned/ managed SMEs	25%	10%	250%	For disaggregate on Province, District, & Sector, see Annexure I
18	Ind. 2.1.1: Increase in productivity of SMEA assisted SMEs	% change in productivity of SMEs	14.5%	25%	58%	For disaggregate on Sector, see Annexure I
19	Ind. 2.2.1: Number of USG assisted SMEs that applied new technologies or management practice as result of USG assistance	% of SMEs	73%	80%	91%	For disaggregate on Sector, see Annexure I
20	Ind. 2.2.2: Number of new technologies and innovations introduced as a result of SMEA assistance	# of new technologies	01	04	25%	For details on the specific technology, see Annexure I

\n	INDICATOR TRACKING TABLE (OCTOBER 2019 – SEPTEMBER 2020)					
SR #	INDICATOR	UNIT OF MEASUREMENT & (REPORTING FREQUENCY)	REPORTING YEAR TOTAL	REPORTING YEAR TARGET AS PER APPROVED AMEP	% OF REPORTING YEAR TARGET ACHIEVED TO DATE	DETAILS/DISAGGREGATION OF RESULTS FOR REPORTING QUARTER and Remarks
21	Ind. 2.2.3: Number of SMEs in target sectors that report using electronic payment methods	# of SMEs	201	735	27%	For disaggregate on Sector and SME Size, see Annexure I
22	Ind. 2.2.4: Number of persons receiving training on skill development	# of persons	714	1,625	43%	For disaggregate on Sector and reporting period, see Annexure I
23	Ind. 2.2.5: Number of person-days of training on skill development	# of person days	1,127	5,813	19%	For disaggregate on Sector and reporting period, see Annexure I
24	Ind. 2.3.1: Percentage of USG assisted SMEs that engage with new domestic/export markets and customers	% of SMEs	12%	80%	15%	For disaggregate on Sector, see Annexure I
25	Ind. 2.3.2: Number of project-assisted SMEs participating in international trade fares/exhibitions as result of USG assistance	# of SMEs	30	20	150%	For disaggregate on Sector & SME Size, see Annexure I

	INDICATOR TRACKING TABLE (OCTOBER 2019 – SEPTEMBER 2020)					
SR #	INDICATOR	UNIT OF MEASUREMENT & (REPORTING FREQUENCY)	REPORTING YEAR TOTAL	REPORTING YEAR TARGET AS PER APPROVED AMEP	% OF REPORTING YEAR TARGET ACHIEVED TO DATE	DETAILS/DISAGGREGATION OF RESULTS FOR REPORTING QUARTER and Remarks
26	Ind. 2.3.3: Number of project-assisted SMEs achieving domestic or internationally recognized standards/certification	# of SMEs	46	45	102%	For disaggregate on Sector and SME Size, see Annexure I
27	Ind. 2.4.1: Number of SMEs receiving business development services from USG assisted sources	% of SMEs	94%	80%	117%	For disaggregate on Province, see Annexure I
28	Ind. 2.4.2: Percentage of SMEA assisted SMEs with improved financial worthiness	% of SMEs	69%	70%	99%	For disaggregates on Sector, see Annexure I
29	Indicator: 2.4.3 Number of SMEA assisted women SMEs accessing financial services	% of SMEs	82%	60%	136%	For disaggregate on Sector, see Annexure I
30	Indicator 2.4.4: Number of USG assisted women SMEs entering new domestic/export markets	% of SMEs	33%	70%	47%	For disaggregate on Province, see Annexure I

	INDICATOR TRACKING TABLE (OCTOBER 2019 – SEPTEMBER 2020)					
SR #	INDICATOR	UNIT OF MEASUREMENT & (REPORTING FREQUENCY)	REPORTING YEAR TOTAL	REPORTING YEAR TARGET AS PER APPROVED AMEP	% OF REPORTING YEAR TARGET ACHIEVED TO DATE	DETAILS/DISAGGREGATION OF RESULTS FOR REPORTING QUARTER and Remarks
31	Indicator 2.4.4: Percentage increase sales revenue at the USG assisted women SMEs	% of incremental sales	8%	50%	16%	For disaggregate on Province & SME Size, see Annexure I
EG INDICATORS						
DO 3: Increased Private Sector-led Inclusive Economic Growth						
32	Ind. EG 5.2.-1: Number of firms receiving USG-funded technical assistance for improving business performance	Number of Firms	94%	80%	117%	For disaggregate on Province, see Annexure I
33	Ind. EG 5.2.-2: Number of private sector firms that have improved management practices or technologies as a result of USG assistance	Number of Firms	73%	80%	91%	For disaggregate on Sector, see Annexure I

BEST PRACTICES

CHALLENGE FUND

SMEA continues the practice of an open and transparent solicitation process for the CF grant applications, through advertisement of request for applications (RFAs) in leading Pakistani English and Urdu national newspapers, postings on the USAID and Pakistani U.S. Consulate social media pages, and distribution of information at other SMEA outreach and training events. The extensive outreach effort by SMEA has resulted in a significant increase in the number of inquiries for RFAs and applications received. The number of disseminated applications increased from 800 in first round increased to over 7,000 in the fourth round. Similarly the number of grant applications received increased from 200 applications in the first round to over 900 in the fourth round This ensures that the general public is aware of solicitation procedures and application deadlines and makes the outreach more effective.

To ensure transparency of the grant application and award process, the project organizes multiple orientation sessions (with flexible timings and dates) in major cities across Pakistan. Grant applicants are also provided an opportunity to attend co-creation workshops held at major cities of Pakistan prior to the closing of the solicitation. The co-creation workshops offer additional opportunities for applicants to develop partnerships or collaboration with other like-minded SMEs. After the onset of COVID-19 pandemic, despite the lockdown and social distancing requirements imposed by the government, SMEA made an effective transition to online resources for shortlisted Innovation Grant applicants to attend a free, two-day virtual Build a Business Workshop, followed by up to four weeks of virtual mentorship with local sector and business experts and virtual business pitch trainings. This practice has helped applicants develop improved business plans and make better pitches/presentations about their grant activities, both to the panel of judges during the final selection process, as well as external investors to attract additional private-sector investment.

To ensure due diligence of the grant award process, the grant applications are verified at multiple stages. At the evaluation stage, SMEA engages relevant industry experts that include business analysts, financial reviewers, and industrial experts to evaluate grant applications and proposed budgets. Later, on a need-basis, SMEA's in-house sector experts work with the grants team to carry out pre-award risk assessment visits to the applicant sites to assess their current deployed technology, in-house capabilities, outsourcing mechanism, and associated costs. Lastly, during the grant budget finalization stage, grantees provide valid comparative quotations for the all procurements/tech work to be carried out through grant funds that is above the micro-threshold level. During the implementation stage, technical consultants regularly visit grantees to ensure compliance.

SUCCESS STORIES

SEHAT KAHANI - THE FACE OF DIGITAL HEALTH IN PAKISTAN

Digital technology has the potential to transform Pakistan's economy, both in terms of information and communications technology (ICT) sector growth and for small and medium enterprises (SMEs) in other sectors who can use ICT to help their businesses thrive. This has become particularly apparent in recent years, as access to internet and low-cost mobile services has dramatically expanded across the country.

Provision of healthcare through ICT-based technology is a flourishing industry, valued at billions of dollars globally. Pakistan, like most emerging markets, has a healthcare problem. The rapid increase in population combined with an unstructured system of healthcare has led to an uneven distribution of doctors, which manifests as a chronic shortage of doctors in peri-urban and rural areas. For every 1,200 patients, there is only one doctor available. Also, like other emerging markets, there is a neglect for healthcare in general, with Pakistan having spent only 0.9 percent of its GDP on healthcare, which is the lowest in Asia.

The USAID Small and Medium Enterprise Activity (SMEA), through its Challenge Fund (CF), incentivizes ICT-enabled solutions and supports technological innovation. One such example is Sehat Kahani, a woman-led tele-health enterprise and a recipient of a CF grant. The enterprise integrates health, technology, and innovation to create solutions that allow qualified female health professionals to deliver much-needed healthcare services to rural and urban slum populations across Pakistan through innovative ICT solutions.

Sehat Kahani does this by establishing sustainable tele-medical clinics (e-hubs) in low income areas at a significantly lower cost than traditional medical clinics. Through the integration of a clinical module in its e-health hubs, Sehat Kahani is able to record, analyze, and interpret patient data in a more efficient manner, as well as allow complete data security to increase credibility and strengthen the e-health hub model. This intervention was supported by the CF at a time when there was little awareness about virtual medical consultations, which have now become an essential component of the health industry during COVID-19. Through the grant, Sehat Kahani has been able to scale its tele-

medicine clinics in rural communities of Pakistan, while promoting health education and enhancing the technology used at these clinics.

The Sehat Kahani Technology-Enabled Clinics are a one stop shop for residents living in low-income communities of Pakistan, enabling the availability of nurse assisted video consultation with a Pakistan Medical and Dental Council (PMDC) certified online doctor, a visiting ultrasound facility, and a visiting diagnostic service all under one roof. Sehat Kahani has also launched a mobile app, which is a key tool during the current COVID-19 crisis in Pakistan and helps provide free healthcare services to people in dire need of convenient and contact-less healthcare solutions during smart lockdowns. The app is a holistic digital-health solution that enables individuals to connect with an online doctor through efficient virtual consultations in less than 60 seconds. The idea is to ease the lives of people who otherwise would have to stand in long queues or wait for days for their appointments.

Sehat Kahani's partnership with USAID has resulted in impacting over 12,000 lives through the establishment of 2 telemedicine clinics and successful health education campaigns. Sehat Kahani's healthcare portfolio now stands at 27 e-health clinics across Pakistan, a network of 1,500 PMDC-certified female doctors, 18 successful health drives, and 43 corporate partners, which all have impacted one million lives till now. In the next 5 years, Sehat Kahani aims to provide quality care services to at least 25 million people across Pakistan, through their platform of 48 clinics, an enhanced app, and a network of 50,000 underutilized doctors.

www.sehatkahani.com

"At Sehat Kahani, we envision to revolutionize the healthcare ecosystem by leveraging technology to enable access and provide convenient primary care options to patients in need. Furthermore, we want to create flexible employment opportunities for more doctors, building their capacity and empowering them financially as well. In the next 5 years we want to impact at least 25 million people across Pakistan and change the story of health"

Dr. Sara Saeed Khurram, CEO, Sehat Kahani

EMPOWERING PAKISTANI WOMEN ENTREPRENEURS THROUGH #SHEMEANSBUSINESS TRAININGS

Women entrepreneurs across the globe, including Pakistan, are triggering disruptions in the digital ecosystem and constantly trying to transform their innovative ideas into practical and profitable businesses and solutions. As access to the internet and low-cost mobile services has dramatically expanded across the country over the past several years, it has become increasingly important for women-led businesses to have an online presence and the knowledge to effectively promote and market themselves.

Most Pakistani consumers now spend more time scouting for products online, along with evaluating a large variety of options available before making purchase decisions. Therefore, it has become increasingly imperative for enterprises, especially WLBs due to their restricted mobility in emerging economies such as Pakistan, to be present on the various internet mediums and be able to reach out to target audiences in an efficient manner. With the increased relevance and cost-effectiveness of social media, for any emerging woman entrepreneur, it is essential to have the knowledge to be able to use a variety of digital marketing tools, especially ad spend, to market and promote products. However, not all Pakistani women entrepreneurs have the required knowledge about digital technology or access to training initiatives through which they can improve their digital skills.
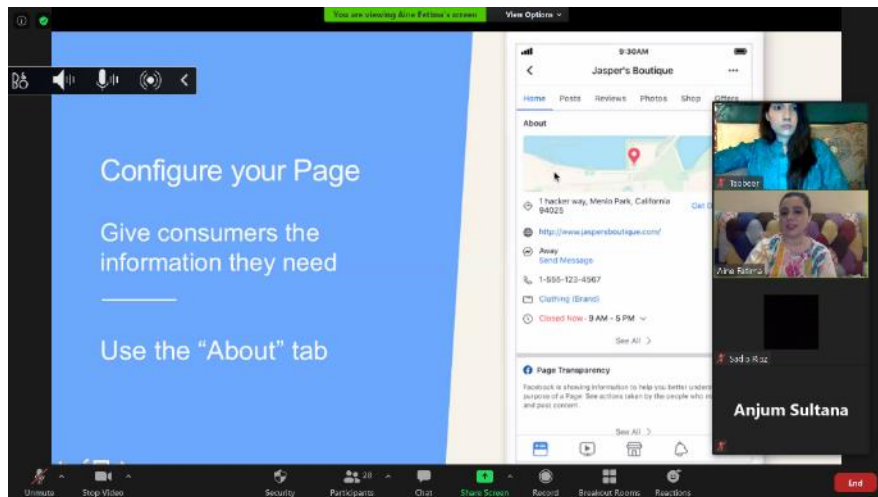
To help overcome these challenges and empower Pakistani women entrepreneurs, the USAID Small and Medium Enterprise Activity (SMEA) recently partnered with Facebook to implement its #SheMeansBusiness training initiative in Pakistan. Since 2016, Facebook has trained almost 500,000 women around the world under this initiative, which focuses on improving the uptake of Facebook owned platforms (Facebook, WhatsApp, and Instagram) to boost online presence and sales for small women-owned businesses across the globe. SMEA's partnership is based on leveraging private sector engagement to provide free trainings on online marketing by Facebook Certified Trainers and to support women-led businesses that are struggling to market themselves to the right target audience. The long-term aim is to enhance the capacity of these entrepreneurs to use contemporary

marketing strategies which have become increasingly relevant during COVID-19, rather than traditional techniques.

These trainings have become an instant hit and the response has been overwhelming: the project has received enrollments from over 1,000 women-led businesses. To date, the project has organized 10 #SheMeansBusiness trainings, which a total of 325 women-led micro, small and medium enterprises have attended from across Pakistan.

In certain parts of Pakistan, including Balochistan, Khyber Pakhtunkhwa, the Newly Merged Districts, and Gilgit Baltistan, opportunities for women entrepreneurs' professional development and for improving their skill sets are scarce. Most women work from home as part of the supply chain for other businesses. They may start a business utilizing the skills they have or based on their areas of interest but face several management constraints as they try to scale up their enterprises. This includes the need for a better marketing strategy, identifying their ideal target market segment, and effectively managing their online presence. To address these challenges, SMEA organized a special #SheMeansBusiness training for 41 women entrepreneurs only from these areas.

The project is continuously improving its delivery methods and content to cater to the needs and demands of the female participants. Recently, SMEA and Facebook modified the training modules based on feedback received from women-led businesses to include a complete module on paid marketing and the effective utilization of ad spend. The project is also in discussions with Facebook to make the training more mobile-user friendly since most women entrepreneurs join the sessions from their smart phones instead of laptops/desktops.

Maryam Kamal, a participant of the #SheMeansBusiness training who is running her own photography business (Sharpshooters) online, while shared her feedback on the session. "Extremely grateful to USAID for organizing this highly effective and engaging workshop for us. I am certain that this will not only help our startups create a viable online presence but also let us make a mark in the digital world by deploying the marketing principles learned and grow our work at a commendable pace. Every module was so well put up and the trainer made everything very easy to comprehend. Great initiative!"

Maryam Kamal, Owner, Sharpshooters

FINANCIAL REPORT

Pursuant to section F.6.12 of the SMEA contract, the following information summarizes SMEA's financial progress from October 1, 2018 to September 30, 2019.

- Total funds obligated to date by USAID into the contract: $29,889,896
- Percent of obligated funds expended through the end of this year: 62.4%
- Summary of expended funds by main line items:

Table 4: Summary of SMEA's financial progress over the past year

Cost Category	Contract Budget	Previously Expended Funds	Funds Expended This Year	Remaining Budget
1. Salaries and Other Benefits (i)	$6,691,832	$4,598,813	$1,676,160	$416,859
2. Travel and Transportation	$285,795	$137,266	$55,336	$93,193
3. Equipment	$315,186	$213,216	$0	$101,970
4. Other Direct Costs (ii)	$4,472,487	$868,098	$599,000	$3,005,389
5. Subcontracts	$8,581,472	$2,787,153	$897,270	$4,897,049
6. Pakistan Challenge Fund	$7,500,000	$662,494	$1,223,341	$5,614,165
7. Indirect Cost (iii)	$5,037,728	$2,491,177	$1,016,796	$1,529,756
Total Estimated Cost (Excluding Fixed Fee)	$32,884,501	$11,758,217	$5,467,902	$15,658,382
8. Fixed Fee	$1,951,722	$1,049,309	$370,344	$532,069

(i) includes Salaries and Fringe Benefits, and Allowances

(ii) includes Other Direct Costs and $2.5 million Competitiveness Enhancement Fund

(iii) includes Overhead and General and Administrative costs

- Significant expenses incurred during the period:

  o *Salaries and Allowances.* Salaries of $1.01M, and direct fringe benefits of $422K including annual health insurance premiums
  o Indirect fringe benefits billed in accordance with Chemonics' current provisional NICRA totaled $132K. Allowances, consisting primarily of project-wide per diem, totaled $82K. A Cost of Living Adjustment of 5 percent was applied to all long-term staff with effect from December 2019.
  o *Other Direct Costs.* The primary driver of ODCs over the year was the provision of STTA and services from SMEA BDSPs under the Competitiveness Enhancement Fund, totaling $367K.

- o *Subcontracts.* A total of $897K in subcontractor invoices was incurred this year, primarily for staff and consultants provided by J.E. Austin Associates and Semiotics.
- o *Pakistan Challenge Fund.* A total of $1.22M was disbursed in the form of milestone payments to SME Growth and Innovation grantees from the Challenge Fund.
- o *Indirect Cost.* This line item includes overhead and general & administrative indirect expenses billed in accordance with Chemonics' current provisional NICRA.

Table 5: Projected expenditures for the next year

Cost Category	Projected expenditures over next year
1. Salaries and Other Benefits (i)	$2,105,209
2. Travel and Transportation	$50,761
3. Equipment	$15,000
4. Other Direct Costs (ii)	$875,233
5. Subcontracts	$942,433
6. Pakistan Challenge Fund	$3,992,722
7. Indirect Cost (iii)	$1,409,102
Total Estimated Cost (Excluding Fixed Fee)	$9,390,460
8. Fixed Fee	$370,344

(i) includes Salaries and Fringe Benefits, and Allowances

(ii) includes Other Direct Costs and $2.5 million Competitiveness Enhancement Fund

(iii) includes Overhead and General and Administrative costs

ANNEX 1: DISAGGREGATED DATA

Ind. 3.1.1a: Number of economic growth policies advanced as a result of USG assistance

Policy Name/Title	Stage 1 (Analysis)	Stage 2 (Public Debate)	Stage 4 (Approval)	Total
Developing Regulatory Framework for Fintechs and Sandbox Design (Assistance to the State Bank of Pakistan)	1		1	2
Development of Organizational Structure, Model Rules & Regulations for KP Tourism Authority	1	1		2
Business Enabling Regimes for the SMEs in the Newly Merged Districts of Khyber Pakhtunkhwa	1	1		2
Framework for Encouraging and Promoting Investments in Key Economic Growth Sectors of Balochistan	1	1		2
Strategy Formulation for Access to Finance, KP	1	1		2
Mine Safety Inspection and Regulation Act 2019 (Review of KP Minerals Sector Legislation)	1			1
KP Mineral Sector Governance Act 2017 (Review of KP Minerals Sector Legislation)	1			1
Sindh Investment Policy		1		1
Total	**7**	**5**	**1**	**13**

Ind. 3.1.2a: Number of micro, small and medium enterprises (MSMEs) that accessed finance as a result of USG assistance

SME Size	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Micro							1	1
Small	1	3	3		1	3	2	13
Medium	1		1	1		1		4
Total	**2**	**3**	**4**	**1**	**1**	**4**	**3**	**18**

Ind. G.1: Number of jobs/employments attributed to SMEA

Reporting Quarters	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Q1 (Oct - Dec 2019)	29	427	274	239	-	237	261	1,467
Q2 (Jan - Mar 2020)	330	401	404	-	436	438	1,631	3,640
Q3 (Apr - Jun 2020)	27	180	147	8	242	165	1,759	2,528
Q4 (Jul - Sep 2020)	190	105	-216	1	1,392	729	1,686	3,887
Total	**576**	**1,113**	**609**	**248**	**2,070**	**1,569**	**5,337**	**11,522**

Ind. 3.2.0a_1.3c: Number of full-time equivalent jobs created as a result of USG assistance

Reporting Quarters	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Q1 (Oct - Dec 2019)	5.48	39.82	223.56	54.27	18.22	73.57	117.63	532.55
Q2 (Jan - Mar 2020)	8.51	53.68	98.25	17.51	71.6	121.5	105.07	476.12
Q3 (Apr - Jun 2020)	7.49	66.14	64.56	40.63	67.35	47.51	166.38	460.06
Q4 (Jul - Sep 2020)	10.54	71.03	46.64	38.29	219.13	225.72	745.68	1,357.03
Total	**32.02**	**230.67**	**433.01**	**150.7**	**376.3**	**468.3**	**1,134.76**	**2,825.76**

Gender	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Male	30.66	174.25	262.22	140.38	323.13	439.2	555.43	1925.27
Female	1.36	56.41	170.79	10.32	53.17	29.1	579.34	900.49

Ind. 3.2.3a. Number of MSMEs supported by USG assistance

Reporting Quarters	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Q1 (Oct - Dec 2019)	0	14	2	0	4	7	74	101
Q2 (Jan - Mar 2020)	5	9	2	0	7	14	40	77
Q3 (Apr - Jun 2020)	36	21	18	8	50	36	94	263
Q4 (Jul - Sep 2020)	5	75	5	2	4	14	176	281
Total	**46**	**119**	**27**	**10**	**65**	**71**	**384**	**722**

Ind 3.2.3b: Value (in US dollars) of private sector investment leveraged to support entrepreneurship through USG assistance

SME Size	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Micro	3,635	68,562				2,290	155,538	230,026
Small	19,687	319,053	606,500		1,312,662	3,464,931	537,589	6,260,422
Medium	272,720		61,896	6,021,140	156,413	241,756	641	6,754,567
Total	**296,042**	**387,616**	**668,396**	**6,021,140**	**1,469,075**	**3,708,978**	**693,768**	**13,245,015**

Ind PPR GNDR-2: Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income or employment)

Province	Azad Jammu & Kashmir	Balochistan	Federal Capital Territory	Gilgit Baltistan	Khyber Pakhtunkhwa	Punjab	Sindh	Total
Total	66.67%	77.78%	79.73%	46.15%	61.46%	50.68%	53.49%	58.91%

Indicator: 1.1 Number of reforms consistent with the World Bank benchmarks on doing business are recommended for improvement

Title of Policy Reform	Balochistan	Federal Capital Territory	Khyber Pakhtunkhwa	Sindh	Total
Investment Policy Framework for Sindh				1	1
Developing Regulatory Framework for Fintechs and Sandbox Design (Assistance to the State Bank of Pakistan)		1			1
Development of Organizational Structure, Model Rules & Regulations for KP Tourism Authority			1		1
Business Enabling Regimes for the SMEs in the Newly Merged Districts of Khyber Pakhtunkhwa			1		1
Framework for Encouraging and Promoting Investments in Key Economic Growth Sectors of Balochistan	1				1
Strategy Formulation for Access to Finance, KP			1		1
Total	**1**	**1**	**3**	**1**	**6**

Indicator: 1.1.1. Number of USG assisted meetings with government officials

Title of Policy Reform	Balochistan	Federal Capital Territory	Khyber Pakhtunkhwa	Punjab	Sindh	Total
Revised SME Policy of Pakistan		3		2		5
Mine Safety Inspection and Regulation Act 2019 (Review of KP Minerals Sector Legislation)			1			1
Investment Policy Framework for Sindh					1	1
National Industrial Policy		2				2
KP Provincial Tourism Authority Act & Youth Fund Design and Operations			3			3

Development of An Access to Finance Strategy for Finance Department, Government of Khyber Pakhtunkhwa			5			5
Development of Organizational Structure, Model Rules & Regulations for KP Tourism Authority			3			3
Balochistan Board of Investment & Trade Technical Assistance	2	1				3
Sindh Provincial Domestic Commerce Policy					1	1
KP Minerals Development Department Institutional Reconstruction and Capacity Building			1			1
KP Tourism Regulatory Regime for Home Stay Project			1			1
State Bank Regulatory Framework for Fintechs and Regulatory Sandbox in Pakistan					2	2
Business Enabling Regimes for the SMEs in the Newly Merged Districts of Khyber Pakhtunkhwa			5			5
Technical Assistance to PPP Support Unit, KP			1			1
Technical Support to Punjab Tourism department				2		2
Framework for Encouraging and Promoting Investments in Key Economic Growth Sectors of Balochistan			1			1
Strategy Formulation for Access to Finance, KP			2			2
Total	**2**	**6**	**23**	**4**	**4**	**39**

Indicator: 1.1.2. Number of entities receiving USG supported capacity enhancement on policy development, analysis and implementation

Entity Type	Federal Capital Territory	Khyber Pakhtunkhwa	Punjab	Sindh	Total
Public Entity	1	1	1	2	5

Indicator: 1.2.1. Number of U.S. government-assisted organizations that participate in legislative proceedings and/or engage in advocacy

Entity Name	Entity Scope	Public Entity
Department of Finance	Khyber Pakhtunkhwa	1
Department of Investment	Sindh	1
State Bank of Pakistan	All Pakistan (National)	1

Indicator: 1.2.2. Number of SMEs and private sector entities participating in events for public/private stakeholders to facilitate private sector engagement in policy making

Entity Type	Khyber Pakhtunkhwa	Punjab	Sindh	Total
SME	5	1	39	45
Private Entity		1	5	6
Other			1	1
Total	**5**	**2**	**45**	**52**

Indicator: 1.2.3; Pak-Info-2.2.2b. Number of events for public/private stakeholders to facilitate private sector engagement in policy making as a result of U.S. government assistance

Reporting Period	Balochistan	Khyber Pakhtunkhwa	Punjab	Sindh	Total
Q1 (Oct - Dec 2019)		1		4	5
Q2 (Jan - Mar 2020)				1	1
Q3 (Apr - Jun 2020)			1		1
Q4 (Jul - Sep 2020)	4				4
Total	**4**	**1**	**1**	**5**	**11**

Indicator 2.1: Value of incremental sales attributable to SMEA

SME Size	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Micro	2,382%	188%	-	-	-	-	4%	23%
Small	30%	24%	34%	-	15%	78%	23%	52%
Medium	15%	1%	34%	48%	35%	2%	150%	25%
Total	**35%**	**26%**	**34%**	**48%**	**32%**	**52%**	**10%**	**35%**

Indicator 2.2: Value of incremental exports attributable to SMEA

SME Size	Hospitality	ICT	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Micro	178%	-	-	-	-	1%
Small	70%	33%	13%	115%	33%	86%
Medium	-	30%	35%	60%	-	36%
Total	**121%**	**31%**	**32%**	**108%**	**4%**	**47%**

Ind. 2.4: Percentage of Women-Owned/Led SMEs engaged through grant funding

Sector	Hospitality	ICT	Textiles	Agribusiness	Women-Led Business (WLB)	Total
% of women-owned/Led SMEs	6%	35%	18%	23%	18%	25%

Ind. 2.1.1: Increase in productivity of SMEA assisted SMEs

Sector	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
% change in productivity	93.93%	79.64%	261.38%	67.54%	-91.26%	13.71%	17.64%	14.52%

Indicator: 2.2.1 Number of U.S. government-assisted SMEs that applied new technologies and/or management practice as result of U.S. government assistance

SME Size	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Percentage of SMEs	27.7%	71.2%	229.0%	50.0%	47.8%	109.2%	64.2%	72.9%

Indicator: 2.2.2 Number of new technologies and innovations introduced as a result of SMEA assistance

#	New Technology Type	# of SMEs applying new technology/ management practice during the year
1	TECH – PA-DSS (Payment Application Data Security Standard)	(Newly Applied)	01

Indicator: 2.2.3 Number of SMEs in target sectors that report using electronic payment methods

SME Size	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Micro		4					46	50
Small	2	15	32	1	5	23	45	123
Medium	3	1	9	4	7	2	2	28

Total	5	20	41	5	12	25	93	201

Indicator: 2.2.4 Number of persons receiving training on skill development

Reporting Period	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Q1 (Oct - Dec 2019)		9					58	67
Q2 (Jan - Mar 2020)		12	1		2		55	70
Q3 (Apr - Jun 2020)	35	24	19	9	56	32	115	290
Q4 (Jul - Sep 2020)	2	75	5	1		1	203	287
Total	37	120	25	10	58	33	431	714

Indicator: 2.2.5. Number of person-days of training on skill development

Reporting Period	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Q1 (Oct - Dec 2019)		21					168	189
Q2 (Jan - Mar 2020)		12	2		4		110	128
Q3 (Apr - Jun 2020)	75	66	52	22	110	79	230	634
Q4 (Jul - Sep 2020)	16	40	28	8	4	48	32	176
Total	91	139	82	30	118	127	540	1,127

Indicator 2.3.1: Percentage of USG assisted SMEs that engage with new domestic/export markets and customers

Sector	Light Engineering	Hospitality	ICT	Textiles	Agribusiness	Women-Led Business (WLB)	Total
% of SMEs	33%	10%	14%	9%	11%	11%	12%

Indicator: 2.3.2. Number of project-assisted SMEs participating in international/national trade fairs and exhibitions as a result of U.S. government assistance

SME Size	Hospitality	ICT	Women-Led Business (WLB)	Total
Micro	2			2
Small	4	8	13	25
Medium	1	1	1	3
Total	**7**	**9**	**14**	**30**

Indicator: 2.3.3. Number of project-assisted SMEs achieving internationally/domestically recognized standards/certifications

SME Size	Light Engineering	Hospitality	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Micro	2			2		4
Small	3	4		20	2	29
Medium	2		4	7		13
Total	**7**	**4**	**4**	**29**	**2**	**46**

Indicator: 2.4.1 Number of SMEs receiving business development services from U.S. government assisted sources

Province	Azad Jammu & Kashmir	Balochistan	Federal Capital Territory	Gilgit Baltistan	Khyber Pakhtunkhwa	Punjab	Sindh	Total
% of SMEs	100%	100%	99%	100%	93%	99%	82%	94%

Indicator 2.4.2: Percentage of SMEA assisted SMEs with improved financial worthiness

Sector	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total

% of SMEs	67%	56%	70%	100%	69%	74%	72%	69%

Indicator: 2.5.1 Number of SMEA assisted women owned/led SMEs accessing financial services

Sector	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
% of SMEs	300%	67%	86%	50%	50%	83%	60%	82%

Indicator 2.5.2: Number of USG assisted women-owned/led SMEs entering new domestic/export markets

Province	Balochistan	Federal Capital Territory	Khyber Pakhtunkhwa	Punjab	Sindh	Total
% of SMEs	100%	18%	22%	44%	50%	33%

Indicator 2.4.4: Percentage increase sales revenue at the USG assisted women SMEs

SME Size	Balochistan	Federal Capital Territory	Khyber Pakhtunkhwa	Punjab	Sindh	Total
Micro		0%	0%	0%	11.43%	2.20%
Small		60.65%	7.90%	26.64%	24.90%	28.37%
Medium	287.16%					287.16%
Total	**287.16%**	**51.26%**	**7.13%**	**4.72%**	**15.75%**	**8.27%**

Ind. EG 5.2.-1: Number of firms receiving USG-funded technical assistance for improving business performance

Province	Azad Jammu & Kashmir	Balochistan	Federal Capital Territory	Gilgit Baltistan	Khyber Pakhtunkhwa	Punjab	Sindh	Total

| % Achievement | 100% | 100% | 99% | 100% | 93% | 99% | 82% | 94% |

Ind. EG 5.2.-2: Number of private sector firms that have improved management practices or technologies as a result of USG assistance

SME Size	Light Engineering	Hospitality	ICT	Logistics & Packaging	Textiles	Agribusiness	Women-Led Business (WLB)	Total
Percentage of SMEs	27.7%	71.2%	229.0%	50.0%	47.8%	109.2%	64.2%	72.9%

ANNEX II: LIST OF DELIVERABLES SUBMITTED TO USAID

SR.	LIST OF DELIVERABLES	DATE
1.	Quarterly Progress Report	October 15, 2019
2.	Revised Annual Monitoring and Evaluation Plan	October 10, 2019; December 10, 2019; March 17, 2020; July 28, 2020
3.	Annual Progress Report	October 30, 2019
4.	Quarterly Progress Report	January 15, 2020
5.	Grants Under Contract Manual (Revision)	April 14, 2020
6.	Quarterly Progress Report	April 30, 2020
7.	SMEA Year 3 Work Plan COVID-19 Addendum	May 1, 2020
8.	Quarterly Progress Report	July 30, 2020
9.	SMEA Year 4 Work Plan	August 31, 2020

USAID Small and Medium Enterprise Activity
Annual Progress Report
October 2019 – September 2020