

107TH CONGRESS
2^D SESSION

H. R. 4073

IN THE SENATE OF THE UNITED STATES

JUNE 5, 2002

Received; read twice and referred to the Committee on Foreign Relations

AN ACT

To amend the Microenterprise for Self-Reliance Act of 2000 and the Foreign Assistance Act of 1961 to increase assistance for the poorest people in developing countries under microenterprise assistance programs under those Acts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. AMENDMENTS TO THE MICROENTERPRISE FOR**
4 **SELF-RELIANCE ACT OF 2000.**

5 (a) PURPOSES.—Section 103 of the Microenterprise
6 for Self-Reliance Act of 2000 (Public Law 106–309) is
7 amended—

8 (1) in paragraph (3), by striking “microentre-
9 preneurs” and inserting “microenterprise house-
10 holds”;

11 (2) in paragraph (4), by striking “and” at the
12 end;

13 (3) in paragraph (5)—

14 (A) by striking “microfinance policy” and
15 inserting “microenterprise policy”;

16 (B) by striking “the poorest of the poor”
17 and inserting “the very poor”; and

18 (C) by striking the period at the end and
19 inserting “; and”; and

20 (4) by adding at the end the following:

21 “(6) to encourage the United States Agency for
22 International Development to develop, assess, and
23 implement effective outreach methods and tools to
24 ensure that all microenterprise assistance authorized
25 under this title, and the amendments made by this

1 title, is used to assist the greatest absolute number
2 of economically viable clients among the very poor,
3 and that at least 50 percent of all microenterprise
4 assistance authorized under this title, and the
5 amendments made under this title, is used in sup-
6 port of programs or lines of service that target the
7 very poor.”.

8 (b) DEFINITIONS.—Section 104 of such Act is
9 amended—

10 (1) in paragraph (2), by striking “for micro-
11 entrepreneurs” and inserting “to microentrepreneurs
12 and their households”; and

13 (2) by adding at the end the following:

14 “(5) VERY POOR; POOREST PEOPLE IN DEVEL-
15 OPING COUNTRIES.—The terms ‘very poor’ and
16 ‘poorest people in developing countries’ mean those
17 persons living either in the bottom 50 percent below
18 the poverty line as established by the national gov-
19 ernment of the country or on less than the equiva-
20 lent of \$1 per day.”.

1 **SEC. 2. AMENDMENTS TO THE MICRO- AND SMALL ENTER-**
2 **PRISE DEVELOPMENT CREDITS PROGRAM**
3 **UNDER THE FOREIGN ASSISTANCE ACT OF**
4 **1961.**

5 (a) FINDINGS AND POLICY.—Section 108(a)(2) of
6 the Foreign Assistance Act of 1961 (22 U.S.C.
7 2151f(a)(2)) is amended by striking “the development of
8 the enterprises of the poor” and inserting “the access to
9 financial services and the development of microenter-
10 prises”.

11 (b) PROGRAM.—Section 108(b) of such Act (22
12 U.S.C. 2151f(b)) is amended to read as follows:

13 “(b) PROGRAM.—To carry out the policy set forth in
14 subsection (a), the President is authorized to provide as-
15 sistance to increase the availability of financial services to
16 microenterprise households lacking full access to credit,
17 including through—

18 “(1) loans and guarantees to microfinance insti-
19 tutions for the purpose of expanding the availability
20 of savings and credit to poor and low-income house-
21 holds;

22 “(2) training programs for microfinance institu-
23 tions in order to enable them to better meet the fi-
24 nancial services needs of their clients; and

25 “(3) training programs for clients in order to
26 enable them to make better use of credit, increase

1 their financial literacy, and to better manage their
2 enterprises.”.

3 (c) ELIGIBILITY CRITERIA.—Section 108(c) of such
4 Act (22 U.S.C. 2151f(e)) is amended—

5 (1) in the first sentence of the matter preceding
6 paragraph (1)—

7 (A) by striking “credit institutions” and
8 inserting “microfinance institutions”; and

9 (B) by striking “micro- and small enter-
10 prises” and inserting “microenterprise house-
11 holds”; and

12 (2) in paragraphs (1) and (2), by striking
13 “credit” each place it appears and inserting “finan-
14 cial services”.

15 (d) ADDITIONAL REQUIREMENT.—Section 108(d) of
16 such Act (22 U.S.C. 2151f(d)) is amended by striking
17 “micro- and small enterprise programs” and inserting
18 “programs for microenterprise households”.

19 (e) AVAILABILITY OF FUNDS.—Section 108(f)(1) of
20 such Act (22 U.S.C. 2151f(f)(1)) is amended by striking
21 “for each of fiscal years 2001 and 2002” and inserting
22 “for each of fiscal years 2001 through 2004”.

23 (f) CONFORMING AMENDMENT.—Section 108 of such
24 Act (22 U.S.C. 2151f) is amended in the heading to read
25 as follows:

1 **“SEC. 108. MICROENTERPRISE DEVELOPMENT CREDITS.”.**
2 **SEC. 3. AMENDMENTS TO THE MICROENTERPRISE DEVEL-**
3 **OPMENT GRANT ASSISTANCE PROGRAM**
4 **UNDER THE FOREIGN ASSISTANCE ACT OF**
5 **1961.**

6 (a) FINDINGS AND POLICY.—Section 131(a) of the
7 Foreign Assistance Act of 1961 (22 U.S.C. 2152a(a)) is
8 amended to read as follows:

9 “(a) FINDINGS AND POLICY.—Congress finds and de-
10 clares that—

11 “(1) access to financial services and the devel-
12 opment of microenterprise are vital factors in the
13 stable growth of developing countries and in the de-
14 velopment of free, open, and equitable international
15 economic systems;

16 “(2) it is therefore in the best interest of the
17 United States to facilitate access to financial serv-
18 ices and assist the development of microenterprise in
19 developing countries;

20 “(3) access to financial services and the devel-
21 opment of microenterprises can be supported by pro-
22 grams providing credit, savings, training, technical
23 assistance, business development services, and other
24 financial and non-financial services; and

25 “(4) given the relatively high percentage of pop-
26 ulations living in rural areas of developing countries,

1 and the combined high incidence of poverty in rural
2 areas and growing income inequality between rural
3 and urban markets, microenterprise programs
4 should target both rural and urban poor.”.

5 (b) AUTHORIZATION.—Section 131(b) of such Act
6 (22 U.S.C. 2152a(b)) is amended—

7 (1) in paragraph (3)—

8 (A) in the first sentence of the matter pre-
9 ceding subparagraph (A), by striking “targeted
10 to very poor entrepreneurs” and all that follows
11 and inserting “used in support of programs or
12 lines of service under which 50 percent or more
13 of the incoming or prospective clients are ini-
14 tially very poor.”; and

15 (B) in subparagraph (A)(i) , by striking
16 “entrepreneurs” and inserting “clients”; and

17 (2) in paragraph (4)(D)—

18 (A) in clause (i), by striking “very small
19 loans” and inserting “financial services to poor
20 entrepreneurs”; and

21 (B) in clause (ii), by striking “micro-
22 finance” and inserting “microenterprise”.

23 (c) MONITORING SYSTEM.—Section 131(c) of such
24 Act (22 U.S.C. 2152a(c)) is amended by striking para-
25 graph (4) and inserting the following:

1 “(4) adopts the widespread use of proven and
2 effective poverty assessment tools to successfully
3 identify the very poor and ensure that they receive
4 needed microenterprise credits, loans, and assist-
5 ance.”

6 (d) DEVELOPMENT AND APPLICATION OF POVERTY
7 MEASUREMENT METHODS.—Section 131 of such Act (22
8 U.S.C. 2152a) is amended—

9 (1) by redesignating subsections (d) and (e) as
10 subsections (e) and (f), respectively; and

11 (2) by inserting after subsection (c) the fol-
12 lowing:

13 “(d) DEVELOPMENT AND CERTIFICATION OF POV-
14 ERTY MEASUREMENT METHODS; APPLICATION OF METH-
15 ODS.—

16 “(1) DEVELOPMENT AND CERTIFICATION.—(A)
17 The Administrator of the United States Agency for
18 International Development, in consultation with ap-
19 propriate microfinance institutions, microenterprise
20 institutions, and other appropriate entities shall de-
21 velop no fewer than two low-cost methods for meas-
22 uring the poverty levels of the current or prospective
23 clients of microenterprise organizations for purposes
24 of assistance under this section. In developing such
25 methods, the Administrator shall give consideration

1 to methods already in use by practitioner institu-
2 tions.

3 “(B) The Administrator shall field-test the
4 methods developed under this paragraph, and as
5 part of the testing, institutions and programs may
6 use these methods on a voluntary basis to dem-
7 onstrate their ability to reach the very poor.

8 “(C) Not later than October 1, 2004, the Ad-
9 ministrator shall, from among the low-cost poverty
10 measurement methods developed under this para-
11 graph, certify no fewer than two of such methods as
12 approved methods for measuring the poverty levels
13 of the current or prospective clients of microenter-
14 prise organizations for purposes of assistance under
15 this section.

16 “(2) APPLICATION.—Beginning on and after
17 October 1, 2004, assistance furnished under this
18 section to a program or to a line of service within
19 an institution shall qualify, in whole or in part, as
20 targeted assistance to the very poor if one or more
21 of the measurement methods approved under para-
22 graph (1), or one or more of the measurement meth-
23 ods approved in accordance with paragraph (1) after
24 October 1, 2004, verifies that at least 50 percent of

1 the incoming or prospective clients of the program
2 or line of service are initially among the very poor.”.

3 (e) LEVEL OF ASSISTANCE.—Section 131(e) of such
4 Act, as redesignated by subsection (d), is amended by in-
5 serting “and \$175,000,000 for fiscal year 2003 and
6 \$200,000,000 for fiscal year 2004” after “fiscal years
7 2001 and 2002”.

8 (f) DEFINITIONS.—Section 131(f) of such Act, as re-
9 designated by subsection (d), is amended by adding at the
10 end the following:

11 “(5) VERY POOR; POOREST PEOPLE IN DEVEL-
12 OPING COUNTRIES.—The terms ‘very poor’ and
13 ‘poorest people in developing countries’ mean those
14 persons living either in the bottom 50 percent below
15 the poverty line as established by the national gov-
16 ernment of the country or on less than the equiva-
17 lent of \$1 per day.”.

18 **SEC. 4. REPORT TO CONGRESS.**

19 Not later than July 1, 2004, the Administrator of
20 the United States Agency for International Development
21 shall submit to Congress a report that contains—

22 (1) a description of the interim poverty meas-
23 urement methods developed and implemented pursu-
24 ant to section 131(d)(1) of the Foreign Assistance
25 Act of 1961, as added by section 3(d);

1 (2) an analysis of the results of the application
2 of such interim poverty measurement methods to
3 sustainable poverty-focused programs under such
4 section; and

5 (3) a description of the proposed final poverty
6 measurement methods to be implemented beginning
7 on October 1, 2004, in accordance with section
8 131(d)(2) of such Act, as added by section 3(d).

Passed the House of Representatives June 4, 2002.

Attest:

JEFF TRANDAHL,

Clerk.