

Union Calendar No. 268

107TH CONGRESS
2^D SESSION

H. R. 4073

[Report No. 107-453]

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.

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 2002

Mr. SMITH of New Jersey introduced the following bill; which was referred to the Committee on International Relations

MAY 10, 2002

Additional sponsors: Mr. PLATTS, Mr. GRAHAM, Mrs. ROUKEMA, and Ms. HART

MAY 10, 2002

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on March 20, 2002]

A BILL

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 for*
6 *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 im-*
23 *plement effective outreach methods and tools to ensure*
24 *that all microenterprise assistance authorized under*
25 *this title, and the amendments made by this title, is*

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

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

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

12 (2) *by adding at the end the following:*

13 “(5) *VERY POOR; POOREST PEOPLE IN DEVEL-*
 14 *OPING COUNTRIES.*—*The terms ‘very poor’ and ‘poor-*
 15 *est people in developing countries’ means those per-*
 16 *sons living either in the bottom 50 percent below the*
 17 *poverty line as established by the national government*
 18 *of the country or on less than the equivalent of \$1 per*
 19 *day.”.*

20 **SEC. 2. AMENDMENTS TO THE MICRO- AND SMALL ENTER-**
 21 **PRISE DEVELOPMENT CREDITS PROGRAM**
 22 **UNDER THE FOREIGN ASSISTANCE ACT OF**
 23 **1961.**

24 (a) *FINDINGS AND POLICY.*—Section 108(a)(2) of the
 25 *Foreign Assistance Act of 1961 (22 U.S.C. 2151f(a)(2)) is*

1 *amended by striking “the development of the enterprises of*
2 *the poor” and inserting “the access to financial services and*
3 *the development of microenterprises”.*

4 *(b) PROGRAM.—Section 108(b) of such Act (22 U.S.C.*
5 *2151f(b)) is amended to read as follows:*

6 *“(b) PROGRAM.—To carry out the policy set forth in*
7 *subsection (a), the President is authorized to provide assist-*
8 *ance to increase the availability of financial services to*
9 *microenterprise households lacking full access to credit, in-*
10 *cluding through—*

11 *“(1) loans and guarantees to microfinance insti-*
12 *tutions for the purpose of expanding the availability*
13 *of savings and credit to poor and low-income house-*
14 *holds;*

15 *“(2) training programs for microfinance institu-*
16 *tions in order to enable them to better meet the finan-*
17 *cial services needs of their clients; and*

18 *“(3) training programs for clients in order to*
19 *enable them to make better use of credit, increase their*
20 *financial literacy, and to better manage their enter-*
21 *prises.”.*

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

24 *(1) in the first sentence of the matter preceding*
25 *paragraph (1)—*

1 (A) by striking “credit institutions” and in-
2 serting “microfinance institutions”; and

3 (B) by striking “micro- and small enter-
4 prises” and inserting “microenterprise house-
5 holds”; and

6 (2) in paragraphs (1) and (2), by striking “cred-
7 it” each place it appears and inserting “financial
8 services”.

9 (d) *ADDITIONAL REQUIREMENT.*—Section 108(d) of
10 such Act (22 U.S.C. 2151f(d)) is amended by striking
11 “micro- and small enterprise programs” and inserting
12 “programs for microenterprise households”.

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

17 (f) *CONFORMING AMENDMENT.*—Section 108 of such
18 Act (22 U.S.C. 2151f) is amended in the heading to read
19 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 For-*
7 *ign Assistance Act of 1961 (22 U.S.C. 2152a(a)) is amend-*
8 *ed to read as follows:*

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

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

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

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

25 *“(4) given the relatively high percentage of popu-*
26 *lations 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 should*
4 *target both rural and urban poor.”.*

5 **(b) AUTHORIZATION.**—*Section 131(b) of such Act (22*
6 *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 Act*
24 *(22 U.S.C. 2152a(c)) is amended by striking paragraph (4)*
25 *and inserting the following:*

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

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

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

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

12 “(d) *DEVELOPMENT AND CERTIFICATION OF POVERTY*
13 *MEASUREMENT METHODS; APPLICATION OF METHODS.*—

14 “(1) *DEVELOPMENT AND CERTIFICATION.*—

15 (A) *The Administrator of the United States*
16 *Agency for International Development, in con-*
17 *sultation with appropriate microfinance institu-*
18 *tions, microenterprise institutions, and other ap-*
19 *propriate entities shall develop no fewer than*
20 *two low-cost methods for measuring the poverty*
21 *levels of the current or prospective clients of*
22 *microenterprise organizations of purposes of as-*
23 *sistance under this section. In developing such*
24 *methods, the Administrator shall give consider-*

1 *ation to methods already in use by practitioner*
2 *institutions.*

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

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

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

1 *prospective clients of the program or line of service*
2 *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 insert-*
5 *ing “and \$175,000,000 for fiscal year 2003 and*
6 *\$200,000,000 for fiscal year 2004” after “fiscal years 2001*
7 *and 2002”.*

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

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

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

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

22 (1) *a description of the interim poverty measure-*
23 *ment methods developed and implemented pursuant to*
24 *section 131(d)(1) of the Foreign Assistance Act of*
25 *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 sus-*
3 *tainable poverty-focused programs under such section;*
4 *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).*

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