

108TH CONGRESS  
1ST SESSION

# **H. R. 192**

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## **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.



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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 ensure that in the implementation of  
22                      this title at least 50 percent of all microenterprise  
23                      assistance under this title, and the amendments  
24                      made under this title, shall be targeted to the very  
25                      poor.”.

1 (b) DEFINITIONS.—Section 104 of such Act is  
2 amended—

3 (1) in paragraph (2), by striking “for micro-  
4 entrepreneurs” and inserting “to microentrepreneurs  
5 and their households”; and

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

7 “(5) VERY POOR.—The term ‘very poor’ means  
8 individuals—

9 “(A) living in the bottom 50 percent below  
10 the poverty line established by the national gov-  
11 ernment of the country in which those individ-  
12 uals live; or

13 “(B) living on the equivalent of less than  
14 \$1 per day.”.

15 **SEC. 2. AMENDMENTS TO THE MICRO- AND SMALL ENTER-**  
16 **PRISE DEVELOPMENT CREDITS PROGRAM**  
17 **UNDER THE FOREIGN ASSISTANCE ACT OF**  
18 **1961.**

19 (a) FINDINGS AND POLICY.—Section 108(a)(2) of  
20 the Foreign Assistance Act of 1961 (22 U.S.C.  
21 2151f(a)(2)) is amended by striking “the development of  
22 the enterprises of the poor” and inserting “the access to  
23 financial services and the development of microenter-  
24 prises”.

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

3 “(b) PROGRAM.—To carry out the policy set forth in  
4 subsection (a), the President is authorized to provide as-  
5 sistance to increase the availability of financial services to  
6 microenterprise households lacking full access to credit,  
7 including through—

8 “(1) loans and guarantees to microfinance insti-  
9 tutions for the purpose of expanding the availability  
10 of savings and credit to poor and low-income house-  
11 holds;

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

15 “(3) training programs for clients in order to  
16 enable them to make better use of credit, increase  
17 their financial literacy, and to better manage their  
18 enterprises to improve their quality of life.”.

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

21 (1) in the first sentence of the matter preceding  
22 paragraph (1)—

23 (A) by striking “credit institutions” and  
24 inserting “microfinance institutions”; and

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

4 (2) in paragraphs (1) and (2), by striking  
5 “credit” each place it appears and inserting “finan-  
6 cial services”.

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

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

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

18 **“SEC. 108. MICROENTERPRISE DEVELOPMENT CREDITS.”.**  
19 **SEC. 3. AMENDMENTS TO THE MICROENTERPRISE DEVEL-**  
20 **OPMENT GRANT ASSISTANCE PROGRAM**  
21 **UNDER THE FOREIGN ASSISTANCE ACT OF**  
22 **1961.**

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

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

3           “(1) access to financial services and the devel-  
4 opment of microenterprise are vital factors in the  
5 stable growth of developing countries and in the de-  
6 velopment of free, open, and equitable international  
7 economic systems;

8           “(2) it is therefore in the best interest of the  
9 United States to facilitate access to financial serv-  
10 ices and assist the development of microenterprise in  
11 developing countries;

12           “(3) access to financial services and the devel-  
13 opment of microenterprises can be supported by pro-  
14 grams providing credit, savings, training, technical  
15 assistance, business development services, and other  
16 financial and non-financial services; and

17           “(4) given the relatively high percentage of pop-  
18 ulations living in rural areas of developing countries,  
19 and the combined high incidence of poverty in rural  
20 areas and growing income inequality between rural  
21 and urban markets, microenterprise programs  
22 should target both rural and urban poor.”.

23       (b) AUTHORIZATION.—Section 131(b) of such Act  
24 (22 U.S.C. 2152a(b)) is amended—



1           (1) in paragraph (3)(A)(i), by striking “entre-  
2           preneurs” and inserting “clients”; and

3           (2) in paragraph (4)(D)—

4                 (A) in clause (i), by striking “very small  
5                 loans” and inserting “financial services to poor  
6                 entrepreneurs”; and

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

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

12                 “(4) adopts the widespread use of proven and  
13                 effective poverty assessment tools to successfully  
14                 identify the very poor and ensure that they receive  
15                 needed microenterprise loans, savings, and assist-  
16                 ance.”.

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

20                 (1) by redesignating subsections (d) and (e) as  
21                 subsections (e) and (f), respectively; and

22                 (2) by inserting after subsection (c) the fol-  
23                 lowing:

1       “(d) DEVELOPMENT AND CERTIFICATION OF POV-  
2   ERTY MEASUREMENT METHODS; APPLICATION OF METH-  
3   ODS.—

4               “(1) DEVELOPMENT AND CERTIFICATION.—(A)  
5       The Administrator of the United States Agency for  
6       International Development, in consultation with  
7       microenterprise institutions and other appropriate  
8       organizations, shall develop no fewer than two low-  
9       cost methods for partner institutions to use to assess  
10      the poverty levels of their current or prospective cli-  
11      ents. The United States Agency for International  
12      Development shall develop poverty indicators that  
13      correlate with the circumstances of the very poor.

14              “(B) The Administrator shall field-test the  
15      methods developed under subparagraph (A). As part  
16      of the testing, institutions and programs may use  
17      the methods on a voluntary basis to demonstrate  
18      their ability to reach the very poor.

19              “(C) Not later than October 1, 2004, the Ad-  
20      ministrator shall, from among the low-cost poverty  
21      measurement methods developed under subpara-  
22      graph (A), certify no fewer than two such methods  
23      as approved methods for measuring the poverty lev-  
24      els of current or prospective clients of microenter-

1       prise institutions for purposes of assistance under  
2       this section.

3               “(2) APPLICATION.—The Administrator shall  
4       require that, with reasonable exceptions, all organi-  
5       zations applying for microenterprise assistance  
6       under this Act use one of the certified methods, be-  
7       ginning no later than October 1, 2005, to determine  
8       and report the poverty levels of current or prospec-  
9       tive clients.”.

10       (e) LEVEL OF ASSISTANCE.—Section 131(e) of such  
11       Act, as redesignated by subsection (d), is amended by in-  
12       serting “and \$175,000,000 for fiscal year 2003 and  
13       \$200,000,000 for fiscal year 2004” after “fiscal years  
14       2001 and 2002”.

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

18               “(5) VERY POOR.—The term ‘very poor’ means  
19       those individuals—

20                       “(A) living in the bottom 50 percent below  
21       the poverty line established by the national gov-  
22       ernment of the country in which those individ-  
23       uals live; or

24                       “(B) living on less than the equivalent of  
25       \$1 per day.”.

1 **SEC. 4. REPORT TO CONGRESS.**

2 (a) IN GENERAL.—Not later than September 30,  
3 2005, the Administrator of the United States Agency for  
4 International Development shall submit to Congress a re-  
5 port that documents the process of developing and apply-  
6 ing poverty assessment procedures with its partners.

7 (b) REPORTS FOR FISCAL YEAR 2006 AND BE-  
8 YOND.—Beginning with fiscal year 2006, the Adminis-  
9 trator of the United States Agency for International De-  
10 velopment shall annually submit to Congress on a timely  
11 basis a report that addresses the United States Agency  
12 for International Development’s compliance with the  
13 Microenterprise for Self-Reliance Act of 2000 by  
14 documenting—

15 (1) the percentage of its resources that were al-  
16 located to the very poor (as defined in paragraph (5)  
17 of section 131(f) of the Foreign Assistance Act of  
18 1961 (22 U.S.C. 2152a(f)(5))) based on the data  
19 collected from its partners using the certified meth-  
20 ods; and

1           (2) the absolute number of the very poor  
2 reached.

Passed the House of Representatives May 14, 2003.

Attest:

*Clerk.*