

108TH CONGRESS
1ST SESSION

H. R. 192

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

JANUARY 7, 2003

Mr. SMITH of New Jersey (for himself, Mr. HYDE, Mr. LANTOS, Mr. PAYNE, Mr. WOLF, Mr. OBERSTAR, Ms. ROS-LEHTINEN, Mr. KILDEE, Mr. ROHRABACHER, Mr. BERMAN, Mr. YOUNG of Alaska, Mr. HOUGHTON, Mr. TANCREDO, Mr. BLUMENAUER, Mr. TOM DAVIS of Virginia, Mr. BROWN of Ohio, Mr. LINCOLN DIAZ-BALART of Florida, Ms. CARSON of Indiana, Mr. ISSA, Mrs. DAVIS of California, Mr. ISAKSON, Mr. DICKS, Mr. BISHOP of Georgia, Mr. BEREUTER, Ms. ESHOO, Mr. SHAW, Mr. HOEFFEL, Mr. KIRK, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. SHAYS, Mr. MICA, Mr. CASTLE, Mr. McDERMOTT, Mr. GREENWOOD, Mr. MEEKS of New York, Ms. MILLENDER-McDONALD, Mr. RODRIGUEZ, Mr. SANDERS, and Ms. WOOLSEY) introduced the following bill; which was referred to the Committee on International Relations

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,*

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

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

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

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

11 (3) in paragraph (5)—

12 (A) by striking “microfinance policy” and
13 inserting “microenterprise policy”;

14 (B) by striking “the poorest of the poor”
15 and inserting “the very poor”; and

16 (C) by striking the period at the end and
17 inserting “; and”; and

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

19 “(6) to ensure that in the implementation of
20 this title at least 50 percent of all microenterprise
21 assistance under this title, and the amendments
22 made under this title, shall be targeted to the very
23 poor.”.

24 (b) DEFINITIONS.—Section 104 of such Act is
25 amended—

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

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

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

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

11 “(B) living on the equivalent of less than
12 \$1 per day.”.

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

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

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

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

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

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

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

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

19 (1) in the first sentence of the matter preceding
20 paragraph (1)—

21 (A) by striking “credit institutions” and
22 inserting “microfinance institutions”; and

23 (B) by striking “micro- and small enter-
24 prises” and inserting “microenterprise house-
25 holds”; and

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

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

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

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

15 **“SEC. 108. MICROENTERPRISE DEVELOPMENT CREDITS.”.**

16 **SEC. 3. AMENDMENTS TO THE MICROENTERPRISE DEVEL-**
17 **OPMENT GRANT ASSISTANCE PROGRAM**
18 **UNDER THE FOREIGN ASSISTANCE ACT OF**
19 **1961.**

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

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

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

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

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

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

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

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

25 (2) in paragraph (4)(D)—

1 (A) in clause (i), by striking “very small
2 loans” and inserting “financial services to poor
3 entrepreneurs”; and

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

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

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

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

17 (1) by redesignating subsections (d) and (e) as
18 subsections (e) and (f), respectively; and

19 (2) by inserting after subsection (c) the fol-
20 lowing:

21 “(d) DEVELOPMENT AND CERTIFICATION OF POV-
22 ERTY MEASUREMENT METHODS; APPLICATION OF METH-
23 ODS.—

24 “(1) DEVELOPMENT AND CERTIFICATION.—(A)
25 The Administrator of the United States Agency for

1 International Development, in consultation with
2 microenterprise institutions and other appropriate
3 organizations, shall develop no fewer than two low-
4 cost methods for partner institutions to use to assess
5 the poverty levels of their current or prospective cli-
6 ents. The United States Agency for International
7 Development shall develop poverty indicators that
8 correlate with the circumstances of the very poor.

9 “(B) The Administrator shall field-test the
10 methods developed under subparagraph (A). As part
11 of the testing, institutions and programs may use
12 the methods on a voluntary basis to demonstrate
13 their ability to reach the very poor.

14 “(C) Not later than October 1, 2004, the Ad-
15 ministrator shall, from among the low-cost poverty
16 measurement methods developed under subpara-
17 graph (A), certify no fewer than two such methods
18 as approved methods for measuring the poverty lev-
19 els of current or prospective clients of microenter-
20 prise institutions for purposes of assistance under
21 this section.

22 “(2) APPLICATION.—The Administrator shall
23 require that, with reasonable exceptions, all organi-
24 zations applying for microenterprise assistance
25 under this Act use one of the certified methods, be-

1 ginning no later than October 1, 2005, to determine
2 and report the poverty levels of current or prospec-
3 tive clients.”.

4 (e) LEVEL OF ASSISTANCE.—Section 131(e) of such
5 Act, as redesignated by subsection (d), is amended by in-
6 serting “and \$175,000,000 for fiscal year 2003 and
7 \$200,000,000 for fiscal year 2004” after “fiscal years
8 2001 and 2002”.

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

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

14 “(A) living in the bottom 50 percent below
15 the poverty line established by the national gov-
16 ernment of the country in which those individ-
17 uals live; or

18 “(B) living on less than the equivalent of
19 \$1 per day.”.

20 **SEC. 4. REPORT TO CONGRESS.**

21 (a) IN GENERAL.—Not later than September 30,
22 2005, the Administrator of the United States Agency for
23 International Development shall submit to Congress a re-
24 port that documents the process of developing and apply-
25 ing poverty assessment procedures with its partners.

1 (b) REPORTS FOR FISCAL YEAR 2006 AND BE-
2 YOND.—Beginning with fiscal year 2006, the Adminis-
3 trator of the United States Agency for International De-
4 velopment shall annually submit to Congress on a timely
5 basis a report that addresses the United States Agency
6 for International Development’s compliance with the
7 Microenterprise for Self-Reliance Act of 2000 by docu-
8 menting—

9 (1) the percentage of its resources that were al-
10 located to the very poor (as defined in paragraph (5)
11 of section 131(f) of the Foreign Assistance Act of
12 1961 (22 U.S.C. 2152a(f)(5))) based on the data
13 collected from its partners using the certified meth-
14 ods; and

15 (2) the absolute number of the very poor
16 reached.

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