

108TH CONGRESS  
2D SESSION

# **S. 3027**

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## **AN ACT**

To amend the Foreign Assistance Act of 1961 to improve the results and accountability of microenterprise development assistance programs, 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. SHORT TITLE.**

2       This Act may be cited as the “Microenterprise Re-  
3 sults and Accountability Act of 2004”.

4 **SEC. 2. FINDINGS AND POLICY.**

5       Congress finds and declares the following:

6           (1) Congress has demonstrated its support for  
7 microenterprise development assistance programs  
8 through the enactment of two comprehensive micro-  
9 enterprise laws:

10           (A) The Microenterprise for Self-Reliance  
11 Act of 2000 (title I of Public Law 106–309;  
12 114 Stat. 1082).

13           (B) Public Law 108–31 (an Act entitled  
14 “An Act to amend the Microenterprise for Self-  
15 Reliance Act of 2000 and the Foreign Assist-  
16 ance Act of 1961 to increase assistance for the  
17 poorest people in developing countries under  
18 microenterprise assistance program under those  
19 Acts, and for other purposes”, approved June  
20 17, 2003).

21           (2) The report on the effectiveness of the  
22 United States Agency for International Develop-  
23 ment’s microfinance program, prepared by the Con-  
24 sultative Group to Assist the Poor, rated the Agency  
25 in the top tier of the 17 donors in this field.

1           (3) The Comptroller General, in a report dated  
2           November 2003, found that the United States Agen-  
3           cy for International Development has met some, but  
4           not all, of the key objectives of such microenterprise  
5           development assistance programs.

6           (4) The Comptroller General’s report found,  
7           among other things, the following:

8                   (A) Microenterprise development assistance  
9                   generally can help alleviate some impacts of  
10                  poverty, improve income levels and quality of  
11                  life for borrowers and provide poor individuals,  
12                  workers, and their families with an important  
13                  coping mechanism.

14                  (B) Microenterprise development assist-  
15                  ance programs of the United States Agency for  
16                  International Development have encouraged  
17                  women’s participation in microfinance projects  
18                  and, according to data of the Agency, women  
19                  have comprised two-thirds or more of the micro-  
20                  loan clients in Agency-funded microenterprise  
21                  projects since 1997.

22           (5)(A) The Comptroller General’s report rec-  
23           ommends that the Administrator of the United  
24           States Agency for International Development review  
25           the Agency’s “microenterprise results reporting”

1 system with the goal of ensuring that its annual re-  
 2 porting is complete and accurate.

3 (B) Specifically, the Administrator should re-  
 4 view and reconsider the methodologies used for the  
 5 collection, analysis, and reporting of data on annual  
 6 spending targets, outreach to the very poor, sustain-  
 7 ability of microfinance institutions, and the contribu-  
 8 tion of Agency’s funding to the institutions it sup-  
 9 ports.

10 **SEC. 3. MICROENTERPRISE DEVELOPMENT ASSISTANCE.**

11 Chapter 2 of part I of the Foreign Assistance Act  
 12 of 1961 (22 U.S.C. 2166 et seq.) is amended by inserting  
 13 after title V the following new title:

14 “TITLE VI—MICROENTERPRISE DEVELOPMENT  
 15 ASSISTANCE

16 **“SEC. 251. FINDINGS AND POLICY.**

17 “Congress finds and declares the following:

18 “(1) Access to financial services and the devel-  
 19 opment of microenterprise are vital factors in the  
 20 stable growth of developing countries and in the de-  
 21 velopment of free, open, and equitable international  
 22 economic systems.

23 “(2) It is therefore in the best interest of the  
 24 United States to facilitate access to financial serv-

1       ices and assist the development of microenterprise in  
2       developing countries.

3           “(3) Access to financial services and the devel-  
4       opment of microenterprises can be supported by pro-  
5       grams providing credit, savings, training, technical  
6       assistance, business development services, and other  
7       financial services.

8           “(4) Given the relatively high percentage of  
9       populations living in rural areas of developing coun-  
10      tries, and the combined high incidence of poverty in  
11      rural areas and growing income inequality between  
12      rural and urban markets, microenterprise programs  
13      should target both rural and urban poor.

14          “(5) Microenterprise programs have been suc-  
15      cessful and should continue to empower vulnerable  
16      women in the developing world. The Agency should  
17      work to ensure that recipients of microenterprise  
18      and microfinance development assistance under this  
19      title communicate and work with nongovernmental  
20      organizations and government organizations to iden-  
21      tify and assist victims of trafficking as provided for  
22      in section 106(a)(1) of the Trafficking Victims Pro-  
23      tection Act of 2000 (22 U.S.C. 7104(a)(1); Public  
24      Law 106–386) and women who are victims of or

1       susceptible to other forms of exploitation and vio-  
2       lence.

3               “(6) Given that microenterprise programs have  
4       been successful in empowering disenfranchised  
5       groups such as women, microenterprise programs  
6       should also target populations disenfranchised due to  
7       race or ethnicity in countries where a strong rela-  
8       tionship between poverty and race or ethnicity has  
9       been demonstrated, such as countries in Latin  
10      America.

11   **“SEC. 252. AUTHORIZATION; IMPLEMENTATION; TARGETED**  
12               **ASSISTANCE.**

13           “(a) AUTHORIZATION.—The President is authorized  
14   to provide assistance on a non-reimbursable basis for pro-  
15   grams in developing countries to increase the availability  
16   of credit, savings, and other services to microfinance and  
17   microenterprise clients lacking full access to capital, train-  
18   ing, technical assistance, and business development serv-  
19   ices, through—

20               “(1) assistance for the purpose of expanding  
21       the availability of credit, savings, and other financial  
22       and non-financial services to microfinance and  
23       microenterprise clients;

24               “(2) assistance for the purpose of training,  
25       technical assistance, and business development serv-

1       ices for microenterprises to enable them to make  
 2       better use of credit, to better manage their enter-  
 3       prises, to conduct market analysis and product de-  
 4       velopment for expanding domestic and international  
 5       sales, particularly to United States markets, and to  
 6       increase their income and build their assets;

7               “(3) capacity-building for microfinance and  
 8       microenterprise institutions in order to enable them  
 9       to better meet the credit, savings, and training needs  
 10      of microfinance and microenterprise clients; and

11              “(4) policy, regulatory programs, and research  
 12      at the country level that improve the environment  
 13      for microfinance and microenterprise clients and in-  
 14      stitutions that serve the poor and very poor.

15      “(b) IMPLEMENTATION.—

16              “(1) OFFICE OF MICROENTERPRISE DEVELOP-  
 17      MENT.—There is established within the Agency an  
 18      office of microenterprise development, which shall be  
 19      headed by a Director who shall be appointed by the  
 20      Administrator and who should possess technical ex-  
 21      pertise and ability to offer leadership in the field of  
 22      microenterprise development.

23              “(2) ADDITIONAL PROVISIONS.—

24                      “(A) USE OF IMPLEMENTING PARTNER  
 25      ORGANIZATIONS.—Assistance under this section

shall emphasize the use of implementing partner organizations that best meet the requirements of subparagraph (C).

“(B) USE OF CENTRAL FUNDING MECHANISMS.—

“(i) PROGRAM.—In order to ensure that assistance under this title is distributed effectively and efficiently, the office shall also seek to implement a program of central funding under which assistance is administered directly by the office, including through targeted core support for microfinance and microenterprise networks and other practitioners.

“(ii) FUNDING.—Of the amount made available to carry out this subtitle for a fiscal year, not less than \$25,000,000 should be made available to carry out clause (i).

“(C) EFFICIENCY AND COST-EFFECTIVENESS.—Assistance under this section shall meet high standards of efficiency, cost-effectiveness, and sustainability and shall especially provide the greatest possible resources to the poor and very poor. When administering assistance under this section, the Administrator shall—



1 “(i) take into consideration the per-  
 2 centage of funds a provider of assistance  
 3 intends to expend on administrative costs;

4 “(ii) take all appropriate steps to en-  
 5 sure that the provider of assistance keeps  
 6 administrative costs as low as practicable  
 7 to ensure the maximum amount of funds  
 8 are used for directly assisting microfinance  
 9 and microenterprise clients, for estab-  
 10 lishing sustainable microfinance and micro-  
 11 enterprise institutions, or for advancing  
 12 the microenterprise development field; and

13 “(iii) give preference to proposals  
 14 from providers of assistance that are the  
 15 most technically competitive and have a  
 16 reasonable allocation to overhead and ad-  
 17 ministrative costs.

18 “(3) APPROVAL OF STRATEGIC PLANS.—With  
 19 respect to assistance provided under this section, the  
 20 office shall be responsible for concurring in the  
 21 microenterprise development components of strategic  
 22 plans of missions, bureaus, and other offices of the  
 23 Agency and providing technical support to field mis-  
 24 sions to help the missions prepare such components.

1       “(c) TARGETED ASSISTANCE.—In carrying out sus-  
 2       tainable poverty-focused programs under subsection (a),  
 3       50 percent of all microenterprise resources shall be tar-  
 4       geted to clients who are very poor. Specifically, until Sep-  
 5       tember 30, 2006, such resources shall be used for—

6               “(1) support of programs under this section  
 7       through practitioner institutions that—

8                       “(A) provide credit and other financial  
 9                       services to clients who are very poor, with loans  
 10                      in 1995 United States dollars of—

11                               “(i) \$1,000 or less in the Europe and  
 12                               Eurasia region;

13                               “(ii) \$400 or less in the Latin Amer-  
 14                               ica region; and

15                               “(iii) \$300 or less in the rest of the  
 16                               world; and

17                               “(B) can cover their costs in a reasonable  
 18                               time period; or

19               “(2) demand-driven business development pro-  
 20       grams that achieve reasonable cost recovery that are  
 21       provided to clients holding poverty loans (as defined  
 22       by the regional poverty loan limitations in paragraph  
 23       (1)(A)), whether they are provided by microfinance  
 24       institutions or by specialized business development  
 25       services providers.

1 **“SEC. 253. MONITORING SYSTEM.**

2 “(a) IN GENERAL.—In order to maximize the sus-  
3 tainable development impact of assistance authorized  
4 under section 252(a), the Administrator of the Agency,  
5 acting through the Director of the office, shall strengthen  
6 its monitoring system to meet the requirements of sub-  
7 section (b).

8 “(b) REQUIREMENTS.—The requirements referred to  
9 in subsection (a) are the following:

10 “(1) The monitoring system shall include per-  
11 formance goals for the assistance and expresses such  
12 goals in an objective and quantifiable form, to the  
13 extent feasible.

14 “(2) The monitoring system shall include per-  
15 formance indicators to be used in measuring or as-  
16 sessing the achievement of the performance goals de-  
17 scribed in paragraph (1) and the objectives of the  
18 assistance authorized under section 252.

19 “(3) The monitoring system provides a basis for  
20 recommendations for adjustments to the assistance  
21 to enhance the sustainability and the impact of the  
22 assistance, particularly the impact of such assistance  
23 on the very poor, particularly poor women.

24 “(4) The monitoring system adopts the wide-  
25 spread use of proven and effective poverty assess-  
26 ment tools to successfully identify the very poor and

1 ensure that they receive adequate access to micro-  
 2 enterprise loans, savings, and assistance.

3 **“SEC. 254. DEVELOPMENT AND CERTIFICATION OF POV-**  
 4 **ERTY MEASUREMENT METHODS; APPLICA-**  
 5 **TION OF METHODS.**

6 “(a) DEVELOPMENT AND CERTIFICATION.—

7 “(1) IN GENERAL.—The Administrator of the  
 8 Agency, in consultation with microenterprise institu-  
 9 tions and other appropriate organizations, shall de-  
 10 velop no fewer than two low-cost methods for imple-  
 11 menting partner organizations to use to assess the  
 12 poverty levels of their current incoming or prospec-  
 13 tive clients. The Administrator shall develop poverty  
 14 indicators that correlate with the circumstances of  
 15 the very poor.

16 “(2) FIELD TESTING.—The Administrator shall  
 17 field-test the methods developed under paragraph  
 18 (1). As part of the testing, institutions and pro-  
 19 grams may use the methods on a voluntary basis to  
 20 demonstrate their ability to reach the very poor.

21 “(3) CERTIFICATION.—Not later than April 1,  
 22 2005, the Administrator shall, from among the low-  
 23 cost poverty measurement methods developed under  
 24 paragraph (1), certify no fewer than two such meth-  
 25 ods as approved methods for measuring the poverty

1 levels of current, incoming, or prospective clients of  
 2 microenterprise institutions for purposes of assist-  
 3 ance under section 252.

4 “(b) APPLICATION.—The Administrator shall require  
 5 that, with reasonable exceptions, all implementing partner  
 6 organizations applying for microenterprise assistance  
 7 under this title use one of the certified methods, beginning  
 8 not later than October 1, 2006, to determine and report  
 9 the poverty levels of current, incoming, or prospective cli-  
 10 ents.

11 **“SEC. 255. AVAILABILITY OF FUNDS; ADDITIONAL AUTHORI-**  
 12 **TIES.**

13 “(2) Notwithstanding any other provision of law,  
 14 amounts made available for assistance for microenterprise  
 15 development assistance under any provision of law other  
 16 than this title may be provided to further the purposes  
 17 of this title. To the extent assistance described in the pre-  
 18 ceding sentence is provided in accordance with such sen-  
 19 tence, the Administrator of the Agency shall include, as  
 20 part of the report required under section 258, a detailed  
 21 description of such assistance and, to the extent applica-  
 22 ble, the information required by paragraphs (1) through  
 23 (11) of subsection (b) of such section with respect to such  
 24 assistance.”.

1 **SEC. 4. MICROENTERPRISE DEVELOPMENT CREDITS.**

2 (a) TRANSFER.—Section 108 of the Foreign Assist-  
3 ance Act of 1961 (22 U.S.C. 2151f) is hereby—

4 (1) transferred from chapter 1 of part I of the  
5 Foreign Assistance Act of 1961 to title VI of chap-  
6 ter 2 of part I of such Act (as added by section 3  
7 of this Act); and

8 (2) inserted after section 255 of the Foreign  
9 Assistance Act of 1961.

10 (b) REDESIGNATION.—Title VI of chapter 2 of part  
11 I of the Foreign Assistance Act of 1961 is amended by  
12 redesignating section 108 (as added by subsection (a)) as  
13 section 256.

14 (c) CONFORMING AMENDMENTS.—Title VI of chap-  
15 ter 2 of part I of the Foreign Assistance Act of 1961 is  
16 amended—

17 (1) by inserting after the title heading the fol-  
18 lowing:

19 “Subtitle A—Grant Assistance”;

20 (2) by inserting after section 255 the following:

21 “Subtitle B—Credit Assistance”; and

22 (3) in section 256 (as redesignated by sub-  
23 section (b))—

24 (A) in the matter preceding paragraph (1)  
25 of subsection (c), by striking “Administrator of  
26 the agency primarily responsible for admin-

1           istering this part” and inserting “Administrator  
2           of the Agency”; and

3           (B) in subsection (f)(1)—

4                 (i) by striking “section 131” and in-  
5                 serting “this part”; and

6                 (ii) by striking “for each of fiscal  
7                 years 2001 through 2004” and inserting  
8                 “for fiscal year 2005 and such sums as  
9                 may be necessary for each of the fiscal  
10                years 2006 through 2009”.

11 **SEC. 5. UNITED STATES MICROFINANCE LOAN FACILITY.**

12         (a) TRANSFER.—Section 132 of the Foreign Assist-  
13         ance Act of 1961 (22 U.S.C. 2152b) is hereby—

14                 (1) transferred from chapter 1 of part I of the  
15         Foreign Assistance Act of 1961 to title VI of chap-  
16         ter 2 of part I of such Act (as added by section 3  
17         of this Act); and

18                 (2) inserted after section 256 of the Foreign  
19         Assistance Act of 1961 (as added by section 4 of  
20         this Act).

21         (b) REDESIGNATION.—Title VI of chapter 2 of part  
22         I of the Foreign Assistance Act of 1961 is amended by  
23         redesignating section 132 (as added by subsection (a)) as  
24         section 257.

1 (c) CONFORMING AMENDMENTS.—Title VI of chap-  
 2 ter 2 of part I of the Foreign Assistance Act of 1961 is  
 3 amended—

4 (1) by inserting after section 256 the following:  
 5 “Subtitle C—United States Microfinance Loan Facility”;  
 6 and

7 (2) in section 257 (as redesignated by sub-  
 8 section (b))—

9 (A) in subsection (b)(3), by striking “2001  
 10 and 2002” and inserting “2005 through 2009”;

11 (B) in the matter preceding subparagraph  
 12 (A) of subsection (d)(1), by striking “this part  
 13 for the fiscal year 2001, up to \$5,000,000” and  
 14 inserting “this part, up to \$5,000,000 for fiscal  
 15 year 2005 and such sums as may be necessary  
 16 for each of the fiscal years 2006 through  
 17 2009,”; and

18 (C) by striking subsection (e).

19 **SEC. 6. MISCELLANEOUS PROVISIONS.**

20 Title VI of chapter 2 of part I of the Foreign Assist-  
 21 ance Act of 1961 (as added by section 3 of this Act and  
 22 amended by sections 4 and 5 of this Act) is further  
 23 amended by adding at the end the following new subtitle:



1 “Subtitle D—Miscellaneous Provisions

2 **“SEC. 258. REPORT.**

3 “(a) IN GENERAL.—Not later than June 30, 2006,  
4 and each June 30 thereafter, the Administrator of the  
5 Agency, acting through the Director of the office, shall  
6 submit to the appropriate congressional committees a re-  
7 port that contains a detailed description of the implemen-  
8 tation of this title for the previous fiscal year.

9 “(b) CONTENTS.—The report shall contain the fol-  
10 lowing:

11 “(1) The number of grants, cooperative agree-  
12 ments, contracts, contributions, or other form of as-  
13 sistance provided under section 252, with a listing  
14 of—

15 “(A) the amount of each grant, cooperative  
16 agreement, contract, contribution, or other form  
17 of assistance;

18 “(B) the name of each recipient and each  
19 developing country with respect to which  
20 projects or activities under the grant, coopera-  
21 tive agreement, contract, contribution, or other  
22 form of assistance were carried out; and

23 “(C) a listing of the number of countries  
24 receiving assistance authorized by section 252.

1           “(2) The results of the monitoring system re-  
2           quired under section 253.

3           “(3) The process of developing and applying  
4           poverty assessment procedures required under sec-  
5           tion 254.

6           “(4) The percentage of assistance furnished  
7           under section 252 that was allocated to the very  
8           poor based on the data collected using the certified  
9           methods required by section 254.

10          “(5) The estimated number of the very poor  
11          reached with assistance provided under section 252.

12          “(6) The amount of assistance provided under  
13          section 252 through central mechanisms.

14          “(7) The name of each country that receives as-  
15          sistance under section 256 and the amount of such  
16          assistance.

17          “(8) Information on the efforts of the Agency  
18          to ensure that recipients of United States micro-  
19          enterprise and microfinance development assistance  
20          work closely with nongovernmental organizations  
21          and foreign governments to identify and assist vic-  
22          tims or potential victims of severe forms of traf-  
23          ficking in persons and women who are victims of or  
24          susceptible to other forms of exploitation and vio-  
25          lence.

1           “(9) Any additional information relating to the  
2           provision of assistance authorized by this title, in-  
3           cluding the use of the poverty measurement tools re-  
4           quired by section 254, or additional information on  
5           assistance provided by the United States to support  
6           microenterprise development under this title or any  
7           other provision of law.

8           “(10) An estimate of the percentage of bene-  
9           ficiaries of assistance under this title in countries  
10          where a strong relationship between poverty and  
11          race or ethnicity has been demonstrated.

12          “(11) The level of funding provided through  
13          contracts, the level of funding provided through  
14          grants, contracts, and cooperative agreements that is  
15          estimated to be subgranted or subcontracted, as the  
16          case may be, to direct service providers, and an  
17          analysis of the comparative cost-effectiveness and  
18          sustainability of projects carried out under these  
19          mechanisms.

20          “(c) AVAILABILITY TO PUBLIC.—The report required  
21          by this section shall be made available to the public on  
22          the Internet website of the Agency.

23   **“SEC. 259. DEFINITIONS.**

24          “ In this title:

1           “(1) ADMINISTRATOR.—The term ‘Adminis-  
2           trator’ means the Administrator of the Agency.

3           “(2) AGENCY.—The term ‘Agency’ means the  
4           United States Agency for International Develop-  
5           ment.

6           “(3) APPROPRIATE CONGRESSIONAL COMMIT-  
7           TEES.—The term ‘appropriate congressional com-  
8           mittees’ means the Committee on International Re-  
9           lations of the House of Representatives and the  
10          Committee on Foreign Relations of the Senate.

11          “(4) BUSINESS DEVELOPMENT SERVICES.—The  
12          term ‘business development services’ means support  
13          for the growth of microenterprises through training,  
14          technical assistance, marketing assistance, improved  
15          production technologies, and other related services.

16          “(5) DIRECTOR.—The term ‘Director’ means  
17          the Director of the office.

18          “(6) IMPLEMENTING PARTNER ORGANIZA-  
19          TION.—The term ‘implementing partner organiza-  
20          tion’ means an entity eligible to receive assistance  
21          under this title which is—

22                 “(A) a United States or an indigenous pri-  
23                 vate voluntary organization;

24                 “(B) a United States or an indigenous  
25                 credit union;

1 “(C) a United States or an indigenous co-  
2 operative organization;

3 “(D) an indigenous governmental or non-  
4 governmental organization;

5 “(E) a microenterprise institution;

6 “(F) a microfinance institution; or

7 “(G) a practitioner institution.

8 “(7) MICROENTERPRISE INSTITUTION.—The  
9 term ‘microenterprise institution’ means a not-for-  
10 profit entity that provides services, including micro-  
11 finance, training, or business development services,  
12 for microenterprise clients in foreign countries.

13 “(8) MICROFINANCE INSTITUTION.—The term  
14 ‘microfinance institution’ means a not-for-profit enti-  
15 ty or a regulated financial intermediary that directly  
16 provides, or works to expand, the availability of  
17 credit, savings, and other financial services to micro-  
18 finance and microenterprise clients in foreign coun-  
19 tries.

20 “(9) MICROFINANCE NETWORK.—The term  
21 ‘microfinance network’ means an affiliated group of  
22 practitioner institutions that provides services to its  
23 members, including financing, technical assistance,  
24 and accreditation, for the purpose of promoting the

1 financial sustainability and societal impact of micro-  
 2 enterprise assistance.

3 “(10) OFFICE.—The term ‘office’ means the of-  
 4 fice of microenterprise development established  
 5 under section 252(b)(1).

6 “(11) PRACTITIONER INSTITUTION.—The term  
 7 ‘practitioner institution’ means a not-for-profit enti-  
 8 ty or a regulated financial intermediary, including a  
 9 microfinance network, that provides services, includ-  
 10 ing microfinance, training, or business development  
 11 services, for microfinance and microenterprise cli-  
 12 ents, or provides assistance to microenterprise insti-  
 13 tutions in foreign countries.

14 “(12) PRIVATE VOLUNTARY ORGANIZATION.—  
 15 The term ‘private voluntary organization’ means a  
 16 not-for-profit entity that—

17 “(A) engages in and supports activities of  
 18 an economic or social development or humani-  
 19 tarian nature for citizens in foreign countries;  
 20 and

21 “(B) is incorporated as such under the  
 22 laws of the United States, including any of its  
 23 states, territories or the District of Columbia,  
 24 or of a foreign country.

1           “(13) UNITED STATES-SUPPORTED MICRO-  
 2 FINANCE INSTITUTION.—The term ‘United States-  
 3 supported microfinance institution’ means a finan-  
 4 cial intermediary that has received funds made avail-  
 5 able under this part for fiscal year 1980 or any sub-  
 6 sequent fiscal year.

7           “(14) VERY POOR.—The term ‘very poor’  
 8 means those 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 less than the equivalent of  
 14 \$1 per day (as calculated using the purchasing  
 15 power parity (PPP) exchange rate method).”.

16 **SEC. 7. SENSE OF CONGRESS.**

17       It is the sense of Congress that, in carrying out title  
 18 VI of chapter 2 of part I of the Foreign Assistance Act  
 19 of 1961 (as added by section 3 of this Act and amended  
 20 by sections 4 through 6 of this Act), the Administrator  
 21 of the United States Agency for International  
 22 Development—

23           (1) where applicable, should ensure that micro-  
 24 enterprise development assistance provided under  
 25 such title is matched by recipients with an equal

1 amount of assistance from non-United States Gov-  
2 ernment sources, including private donations, multi-  
3 lateral funding, commercial and concessional bor-  
4 rowing, savings, and program income;

5 (2) should include in the report required by sec-  
6 tion 258 of the Foreign Assistance Act of 1961 (as  
7 added by section 6 of this Act) a description of all  
8 matching assistance (as described in paragraph (1))  
9 provided for the prior year by recipients of micro-  
10 enterprise development assistance under such title;

11 (3) should ensure that recipients of microenter-  
12 prise development assistance under such title do not  
13 expend an unreasonably large percentage of such as-  
14 sistance on administrative costs;

15 (4) should not use recipients of microenterprise  
16 development assistance under such title to carry out  
17 critical management functions of the Agency, includ-  
18 ing functions such as strategy development or overall  
19 management of programs in a country; and

20 (5) should consult with the appropriate congres-  
21 sional committees with respect to the implementa-  
22 tion of title VI of chapter 2 of part I of the Foreign  
23 Assistance Act of 1961 not later than 90 days after  
24 the date of the enactment of this Act.



1 **SEC. 8. REPEALS.**

2 (a) FOREIGN ASSISTANCE ACT OF 1961.—Section  
3 131 of the Foreign Assistance Act of 1961 (22 U.S.C.  
4 2152a) is hereby repealed.

5 (b) PUBLIC LAW 108–31.—

6 (1) IN GENERAL.—Section 4 of Public Law  
7 108–31 (22 U.S.C. 2151f note) is amended by strik-  
8 ing subsection (b).

9 (2) CONFORMING AMENDMENT.—Section 4 of  
10 Public Law 108–31 is amended by striking “(a)”  
11 and all that follows through “Not later” and insert-  
12 ing “Not later”.

13 **SEC. 9. REFERENCES.**

14 Any reference in a law, regulation, agreement, or  
15 other document of the United States to section 108, 131,  
16 or 132 of the Foreign Assistance Act of 1961 shall be  
17 deemed to be a reference to subtitle B of title VI of chap-  
18 ter 2 of part I of the Foreign Assistance Act of 1961,  
19 subtitle A of title VI of chapter 2 of part I of such Act,

1 or subtitle C of title VI of chapter 2 of part I of such  
2 Act, respectively.

Passed the Senate November 21 (legislative day, November 20), 2004.

Attest:

*Secretary.*

108TH CONGRESS  
2D SESSION

**S. 3027**

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**AN ACT**

To amend the Foreign Assistance Act of 1961 to improve the results and accountability of micro-enterprise development assistance programs, and for other purposes.