

115TH CONGRESS  
2D SESSION

# H. R. 5480

To improve programs and activities relating to women's entrepreneurship and economic empowerment that are carried out by the United States Agency for International Development, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 12, 2018

Mr. ROYCE of California (for himself, Ms. FRANKEL of Florida, Mr. FITZPATRICK, Mr. ENGEL, Mrs. WAGNER, and Ms. KELLY of Illinois) introduced the following bill; which was referred to the Committee on Foreign Affairs

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## A BILL

To improve programs and activities relating to women's entrepreneurship and economic empowerment that are carried out by the United States Agency for International Development, 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. SHORT TITLE.**

4       This Act may be cited as the "Women's Entrepre-  
5       neurship and Economic Empowerment Act of 2018".

6       **SEC. 2. FINDINGS.**

7       Congress finds the following:

1                             (1) Because women make up the majority of  
2                             the world's poor and gender inequalities prevail in  
3                             incomes, wages, access to finance, ownership of as-  
4                             sets, and control over the allocation of resources,  
5                             women's entrepreneurship and economic empower-  
6                             ment is important to achieve inclusive economic  
7                             growth at all levels of society. Research shows that  
8                             when women exert greater influence over household  
9                             finances, economic outcomes for families improve,  
10                             and childhood survival rates, food security, and edu-  
11                             cational attainment increase. Women also tend to  
12                             place a greater emphasis on household savings which  
13                             improves families' financial resiliency.

14                             (2) A 2016 report by the McKinsey Global In-  
15                             stitute estimated that achieving global gender parity  
16                             in economic activity could add as much as \$28 tri-  
17                             lion to annual global gross domestic product (GDP)  
18                             by 2025.

19                             (3) Lack of access to financial services that ad-  
20                             dress gender-specific constraints impedes women's  
21                             economic inclusion. More than one billion women  
22                             around the world are currently left out of the formal  
23                             financial system, which in turn causes many women  
24                             to rely on informal means of saving and borrowing  
25                             that are riskier and less reliable. Among other con-

1 sequences, this hampers the success of women entre-  
2 preneurs, including those seeking to run or grow  
3 small and medium-sized enterprises (SMEs). The  
4 International Finance Corporation has estimated  
5 that 70 percent of women-owned SMEs in the for-  
6 mal sector are unserved or underserved in terms of  
7 access to credit, amounting to a \$285 billion credit  
8 gap.

9 (4) Women's economic empowerment is inex-  
10 tricably linked to a myriad of other women's human  
11 rights that are essential to their ability to thrive as  
12 economic actors across the lifecycle. This includes,  
13 but is not limited to, living lives free of violence and  
14 exploitation, achieving the highest possible standard  
15 of health and well-being, enjoying full legal and  
16 human rights such as access to registration, identi-  
17 fication, and citizenship documents, benefitting from  
18 formal and informal education, and equal protection  
19 of and access to land and property rights, access to  
20 fundamental labor rights, policies to address dis-  
21 proportionate care burdens, and business and man-  
22 agement skills and leadership opportunities.

23 (5) Discriminatory legal and regulatory systems  
24 and banking practices are hurdles to women's access  
25 to capital and assets, including land, machinery, pro-

1           duction facilities, technology, and human resources.  
2           Often, these barriers are connected to a woman's  
3           marital status, which can determine whether she is  
4           able to inherit land or own property in her name.  
5           These constraints contribute to women frequently  
6           running smaller businesses, with fewer employees  
7           and lower asset values.

8           (6) Savings groups primarily comprised of  
9           women are recognized as a vital entry point, espe-  
10          cially for poor and very poor women, to formal fi-  
11          nancial services and there is a high demand for such  
12          groups to protect and grow their savings with formal  
13          financial institutions. Evidence shows that, once  
14          linked to a bank, the average savings per member  
15          increases between 40 to 100 percent and the average  
16          profit per member doubles. Key to these outcomes is  
17          investing in financial literacy, business leadership  
18          training, and mentorship.

19           (7) United States support for microenterprise  
20          and microfinance development programs, which seek  
21          to reduce poverty in low-income countries by giving  
22          small loans to small-scale entrepreneurs without col-  
23          lateral, have been a useful mechanism to help fami-  
24          lies weather economic shocks, but many microcredit  
25          borrowers largely remain in poverty. The vast major-

1       ity of microcredit borrowers are women who would  
2       like to move up the economic ladder but are held  
3       back by binding constraints that create a “missing  
4       middle”—large numbers of microenterprises, a  
5       handful of large firms or conglomerates, and very  
6       few SMEs in between, which are critical to driving  
7       economic growth in developing countries.

8                 (8) According to the World Bank, SMEs create  
9       4 out of 5 new positions in emerging markets but  
10      about half of formal SMEs don't have access to for-  
11      mal credit. The financing gap is even larger when  
12      micro and informal enterprises are taken into ac-  
13      count. Overall, approximately 70 percent of all  
14      micro, small and medium-sized enterprises (MSMEs)  
15      in emerging markets lack access to credit.

16 **SEC. 3. ACTIONS TO IMPROVE GENDER POLICIES OF THE**  
17                         **UNITED STATES AGENCY FOR INTER-**  
18                         **NATIONAL DEVELOPMENT.**

19                 (a) **DEVELOPMENT COOPERATION POLICY.**—It shall  
20      be the development cooperation policy of the United  
21      States—

22                         (1) to reduce gender disparities in access to,  
23      control over, and benefit from economic, social, polit-  
24      ical, and cultural resources, wealth, opportunities,  
25      and services;

1                         (2) to strive to eliminate gender-based violence  
2                         and mitigate its harmful effects on individuals and  
3                         communities through efforts to develop standards  
4                         and capacity to reduce gender-based violence in the  
5                         workplace and other places where women conduct  
6                         work;

7                         (3) to support activities that secure private  
8                         property rights and land tenure for women in devel-  
9                         oping countries, including legal frameworks to give  
10                         women equal rights to own, register, use, profit  
11                         from, and inherit land and property, legal literacy to  
12                         exercise these rights, and capacity of law enforce-  
13                         ment and community leaders to enforce such rights;  
14                         and

15                         (4) to increase the capability of women and  
16                         girls to realize their rights, determine their life out-  
17                         comes, assume leadership roles, and influence deci-  
18                         sionmaking in households, communities, and soci-  
19                         ties.

20                         (b) ACTIONS.—In order to advance the policy de-  
21                         scribed in subsection (a), the Administrator of the United  
22                         States Agency for International Development shall ensure  
23                         that—

24                         (1) strategies, projects, and activities of the  
25                         Agency are shaped by a gender analysis and, when

1 applicable, use standard indicators to provide one  
2 measure of success of such strategies, projects, and  
3 activities; and

4 (2) gender equality and female empowerment is  
5 integrated throughout the Agency's Program Cycle  
6 and related processes for purposes of strategic plan-  
7 ning, project design and implementation, and moni-  
8 toring and evaluation.

9 (c) GENDER ANALYSIS DEFINED.—In this section,  
10 the term “gender analysis”—

11 (1) means a socio-economic analysis of available  
12 or gathered quantitative and qualitative information  
13 to identify, understand, and explain gaps between  
14 men and women which typically involves exam-  
15 ining—

16 (A) differences in the status of women and  
17 men and their differential access to and control  
18 over assets, resources, opportunities, and serv-  
19 ices;

20 (B) the influence of gender roles, struc-  
21 tural barriers, and norms on the division of  
22 time between paid employment, unpaid work  
23 (including subsistence production and care for  
24 family members), and volunteer activities;

(C) the influence of gender roles, structural barriers, and norms on leadership roles and decisionmaking; constraints, opportunities, and entry points for narrowing gender gaps and empowering women; and

6 (D) potential differential impacts of devel-  
7 opment policies and programs on men and  
8 women, including unintended or negative con-  
9 sequences; and

**14 SEC. 4. DEVELOPMENT ASSISTANCE FOR MICRO, SMALL  
15 AND MEDIUM-SIZED ENTERPRISES.**

16 (a) FINDINGS AND POLICY.—Section 251 of the For-  
17 eign Assistance Act of 1961 (22 U.S.C. 2211) is amend-  
18 ed—

19 (1) in paragraph (1)—

20 (A) by striking “microenterprise” and in-  
21 serting “micro, small and medium-sized enter-  
22 prise”;

23 (B) by striking “and in the development”  
24 and inserting “, in the development”; and

(C) by adding at the end before the period the following: “, and in the economic empowerment of the poor, especially women”;

(2) in paragraph (2)—

(A) by striking “microenterprise” and inserting “micro, small and medium-sized enterprise”; and

(B) by adding at the end before the period the following: “, particularly those enterprises owned, managed, and controlled by women”;

(3) in paragraph (3), by striking “microenterprises” and inserting “micro, small and medium-sized enterprises”;

(4) in paragraph (4), by striking “microenterprise” and inserting “micro, small and medium-sized enterprise”;

(5) in paragraph (5)—

(A) by striking “should continue” and inserting “should continue and be expanded”; and

(B) by striking “microenterprise” and microfinance development assistance” and inserting “development assistance for micro, small and medium-sized enterprises”; and

(6) in paragraph (6)—

1                             (A) by striking “have been successful” and  
2                             inserting “have had some success”;

3                             (B) by striking “microenterprise pro-  
4                             grams” and inserting “development assistance  
5                             for micro, small and medium-sized enterprises”;  
6                             and

7                             (C) by striking “, such as countries in  
8                             Latin America”.

9                             (b) AUTHORIZATION; IMPLEMENTATION; TARGETED  
10 ASSISTANCE.—Section 252 of the Foreign Assistance Act  
11 of 1961 (22 U.S.C. 2211a) is amended as follows:

12                             (1) In subsection (a)—

13                             (A) in the matter preceding paragraph  
14                             (1)—

15                             (i) by striking “credit, savings, and  
16                             other services” and inserting “credit, in-  
17                             cluding the use of innovative credit scoring  
18                             models, savings, financial technology, fi-  
19                             nancial literacy, insurance, property rights,  
20                             and other services”; and

21                             (ii) by striking “microfinance and mi-  
22                             croenterprise clients” and inserting “micro,  
23                             small and medium-sized enterprise cli-  
24                             ents”;

(B) in paragraph (1), by striking “micro-finance and microenterprise clients” and inserting “micro, small and medium-sized enterprise clients, particularly those clients owned, managed, and controlled by women”;

6 (C) in paragraph (2)—

10 (ii) by inserting “acquire United  
11 States goods and services,” after “United  
12 States markets.”;

13 (D) in paragraph (3)—

14 (i) by striking “microfinance and mi-  
15 croenterprise institutions” and inserting  
16 “financial intermediaries”;

(iii) by striking “and” at the end;

21 (E) in paragraph (4)—

22 (i) by striking “microfinance and mi-  
23 croenterprise clients and institutions” and  
24 inserting “micro, small and medium-sized

1                   enterprises, financial intermediaries, and  
2                   capital markets”; and

3                         (ii) by striking “the poor and very  
4                         poor.” and inserting “the poor and very  
5                         poor, especially women;”; and

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

7                         “(5) assistance for the purpose of promoting  
8                         the economic empowerment of women, including  
9                         through increased access to financial resources and  
10                         improving property rights, inheritance rights, and  
11                         other legal protections; and

12                         “(6) assistance for the purpose of scaling up  
13                         evidence-based graduation approaches, which include  
14                         targeting the very poor and households in ultra-pov-  
15                         erty, consumption support, promotion of savings,  
16                         skills training, and asset transfers.”.

17                         (2) In subsection (b)—

18                         (A) in paragraph (1) to read as follows:

19                         “(1) IN GENERAL.—There is authorized to be  
20                         established within the Agency an office to support  
21                         the Agency’s efforts to broaden and deepen local fi-  
22                         nancial markets, expand access to appropriate finan-  
23                         cial products and services, and support the develop-  
24                         ment of micro, small and medium-sized enterprises.

25                         The Office shall be headed by a Director who shall

1 possess technical expertise and ability to offer leadership in the field of financial sector development.”;

3 (B) in paragraph (2)—

4 (i) in subparagraph (B)—

5 (I) by striking “USE OF CENTRAL  
6 FUNDING MECHANISMS.—” and all  
7 that follows through “In order to en-  
8 sure” and inserting “USE OF CEN-  
9 TRAL FUNDING MECHANISMS.—In  
10 order to ensure”;

11 (II) by striking “the office shall”  
12 and all that follows through “and  
13 other practitioners” and inserting  
14 “the office shall provide coordination  
15 and support for field-implemented  
16 programs, including through targeted  
17 core support for micro, small and me-  
18 dium-sized enterprises and local finan-  
19 cial markets”; and

20 (III) by striking clause (ii);

21 (ii) in subparagraph (C)—

22 (I) by inserting “, particularly by  
23 protecting the use and funding of  
24 local organizations in countries in

which the Agency invests,” after “and  
sustainability”; and

(II) by inserting “, especially women” after “the poor and very poor”; and

(C) by striking paragraph (3).

7 (3) In subsection (c)—

(A) by striking “all microenterprise resources” and inserting “all micro, small and medium-sized enterprise resources”; and

11 (B) by striking “clients who are” and all  
12 that follows and inserting “activities that reach  
13 the very poor, and 50 percent of all small and  
14 medium-sized enterprise resources shall be tar-  
15 geted to activities that reach enterprises owned,  
16 managed, and controlled by women.”.

17 (c) MONITORING SYSTEM.—Section 253(b) of the  
18 Foreign Assistance Act of 1961 (22 U.S.C. 2211b(b)) is  
19 amended—

1                             (2) in paragraph (2), by striking “include per-  
2                             formance indicators” and all that follows through  
3                             “the achievement” and inserting “incorporate Agen-  
4                             cy planning and reporting processes and indicators  
5                             to measure or assess the achievement”; and  
6                             (3) by striking paragraph (4).

7                             (d) POVERTY MEASUREMENT METHODS.—Section  
8                             254 of the Foreign Assistance Act of 1961 (22 U.S.C.  
9                             2211c) is amended to read as follows:

10                             **SEC. 254. POVERTY MEASUREMENT METHODS.**

11                             “The Administrator of the Agency, in consultation  
12                             with financial intermediaries and other appropriate orga-  
13                             nizations, should have in place at least one method for  
14                             implementing partners to use to assess poverty levels of  
15                             their current incoming or prospective clients.”.

16                             (e) ADDITIONAL AUTHORITIES.—Section 255 of the  
17                             Foreign Assistance Act of 1961 (22 U.S.C. 2211d) is  
18                             amended—

19                             (1) by striking “assistance for microenterprise  
20                             development assistance” and inserting “development  
21                             assistance for micro, small and medium-sized enter-  
22                             prises”; and

23                             (2) by striking “and, to the extent applicable”  
24                             and all that follows and inserting a period.

1           (f) MICROENTERPRISE DEVELOPMENT CREDITS.—  
2 Section 256 of the Foreign Assistance Act of 1961 (22  
3 U.S.C. 2212) is amended—

4                 (1) in the section heading, by striking “**MICRO-**  
5                 **ENTERPRISE DEVELOPMENT CREDITS**” and in-  
6                 serting “**DEVELOPMENT CREDITS FOR MICRO,**  
7                 **SMALL AND MEDIUM-SIZED ENTERPRISES**”;  
8                 (2) in subsection (a)—  
9                         (A) in paragraph (1), by striking “micro-  
10                  and small enterprises” and inserting “micro,  
11                  small and medium-sized enterprises”; and  
12                         (B) in paragraph (2), by striking “micro-  
13                  enterprises” and inserting “micro, small and  
14                  medium-sized enterprises”;  
15                 (3) in subsection (b), in the matter preceding  
16                  paragraph (1), by inserting “and other financial  
17                  services” after “credit”;  
18                 (4) by striking “microenterprise households”  
19                  each place it appears and inserting “micro, small  
20                  and medium-sized enterprises and households”; and  
21                 (5) by striking “microfinance institutions” each  
22                  place it appears and inserting “financial inter-  
23                  mediaries”.

1       (g) UNITED STATES MICROFINANCE LOAN FACIL-  
2 ITY.—Section 257 of the Foreign Assistance Act of 1961  
3 (22 U.S.C. 2213) is amended—

4               (1) in the section heading, by striking  
5       **“UNITED STATES MICROFINANCE LOAN FACIL-**  
6       **ITY”** and inserting **“UNITED STATES MICRO,**  
7       **SMALL AND MEDIUM-SIZED ENTERPRISE LOAN**  
8       **FACILITY”;**

9               (2) in subsection (a)—

10               (A) by striking “United States Micro-  
11       finance Loan Facility” and inserting “United  
12       States Micro, Small and Medium-Sized Enter-  
13       prise Loan Facility”; and

14               (B) by striking “United States-supported  
15       microfinance institutions” and inserting  
16       “United States-supported financial inter-  
17       mediaries”;

18               (3) in subsection (b), by striking “United  
19       States-supported microfinance institutions” each  
20       place it appears and inserting “United States-sup-  
21       ported financial intermediaries”;

22               (4) by striking “microfinance institutions” each  
23       place it appears and inserting “financial inter-  
24       mediaries”.

1       (h) CONTENTS OF REPORT.—Subsection (b) of sec-  
2 tion 258 of the Foreign Assistance Act of 1961 (22 U.S.C.  
3 2214) is amended to read as follows:

4           “(b) CONTENTS.—To the extent practicable, the re-  
5 port should contain the following:

6              “(1) Information about assistance provided  
7 under section 252, including—

8                  “(A) the amount of each grant or other  
9 form of assistance;

10                “(B) the name of each intermediary and  
11 implementing institution receiving assistance;

12                “(C) the name of each country receiving  
13 assistance; and

14                “(D) the methodology used to ensure com-  
15 pliance with the targeted assistance require-  
16 ments in subsection (c) of such section.

17              “(2) The percentage of assistance provided  
18 under section 252 disaggregated by income level, in-  
19 cluding for the very poor, and gender.

20              “(3) The estimated number of individuals that  
21 received assistance provided under section 252  
22 disaggregated by income level, including for the very  
23 poor, and gender, and by type of assistance, includ-  
24 ing loans, training, and business development serv-  
25 ices.

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

3           “(5) Information about any method in place to  
4 assess poverty levels under section 254.”.

5           (i) DEFINITIONS.—Section 259 of the Foreign As-  
6 sistance Act of 1961 (22 U.S.C. 2214a) is amended—

7               (1) in paragraph (3), by striking “Committee  
8 on International Relations” and inserting “Com-  
9 mittee on Foreign Affairs”;

10             (2) in paragraph (4), by striking “microenter-  
11 prises” and inserting “micro, small and medium-  
12 sized enterprises”;

13             (3) in paragraph (6)—

14               (A) in subparagraph (E), by striking “mi-  
15 croenterprise institution” and inserting “micro,  
16 small and medium-sized enterprise institution”;  
17 and

18               (B) in subparagraph (F), by striking “mi-  
19 croenterprise institution” and inserting “finan-  
20 cial intermediary”;

21             (4) in paragraph (7) to read as follows:

22           “(7) MICRO, SMALL AND MEDIUM-SIZED EN-  
23 TERPRISE INSTITUTION.—The term ‘micro, small  
24 and medium-sized enterprise institution’ means an  
25 entity that provides services, including finance,

1 training, or business development services, for micro,  
2 small and medium-sized enterprises in foreign coun-  
3 tries.”;

4 (5) in paragraph (8) to read as follows:

5 “(8) FINANCIAL INTERMEDIARY.—The term ‘fi-  
6 nancial intermediary’ means the entity that acts as  
7 the intermediary between parties in a financial  
8 transaction, such as a bank, credit union, investment  
9 fund, a village savings and loan group, or an institu-  
10 tion that provides financial services to a micro, small  
11 or medium-sized enterprise.”;

12 (6) by striking paragraph (9);

13 (7) by redesignating paragraphs (10) through  
14 (14) as paragraphs (9) through (13), respectively;

15 (8) in paragraph (9) (as redesignated), by strik-  
16 ing “of microenterprise development”;

17 (9) in paragraph (10) to read as follows:

18 “(10) PRACTITIONER INSTITUTION.—The term  
19 ‘practitioner institution’ means a not-for-profit enti-  
20 ty, financial intermediary, telecommunications firm  
21 with a mobile money platform, a village and savings  
22 loan group, or any other entity that provides services  
23 authorized under section 252 that benefits micro,  
24 small and medium-sized enterprise clients.”;

25 (10) in paragraph (12) (as redesignated)—

5 (B) by striking “United States-supported  
6 microfinance institution” and inserting “United  
7 States-supported financial intermediary”;

(11) in subparagraph (B) of paragraph (13) (as redesignated) to read as follows:

10                 “(B) living below the International Poverty  
11                 Line, as defined by the International Bank for  
12                 Reconstruction and Development and the Inter-  
13                 national Development Association (collectively  
14                 referred to as the ‘World Bank’).”.

15 (j) TECHNICAL AND CONFORMING AMENDMENTS.—

16 Title VI of chapter 2 of part I of the Foreign Assistance  
17 Act of 1961 is amended as follows:

18                             (1) In the title heading, by striking “MICRO-  
19                             ENTERPRISE DEVELOPMENT ASSISTANCE”  
20                             and inserting “DEVELOPMENT ASSISTANCE  
21                             FOR MICRO, SMALL AND MEDIUM-SIZED  
22                             ENTERPRISES”.

1       and inserting “UNITED STATES MICRO, SMALL AND  
2       MEDIUM-SIZED MICROFINANCE LOAN FACILITY”.

3 **SEC. 5. REPORT AND BRIEFING BY UNITED STATES AGEN-**  
4 **CY FOR INTERNATIONAL DEVELOPMENT.**

5       (a) IN GENERAL.—Not later than one year after the  
6 date of the enactment of this Act, the Administrator of  
7 the United States Agency for International Development  
8 shall provide a briefing and submit to the Committee on  
9 Foreign Affairs of the House of Representatives and the  
10 Committee on Foreign Relations of the Senate a report  
11 on the implementation of this Act and the amendments  
12 made by this Act, including actions to improve the gender  
13 policies of the United States Agency for International De-  
14 velopment pursuant to section 3.

15       (b) PUBLIC AVAILABILITY.—The report required  
16 under paragraph (1) shall be posted and made available  
17 on a text-based, searchable, and publicly available internet  
18 website.

19 **SEC. 6. REPORT BY COMPTROLLER GENERAL OF THE**  
20 **UNITED STATES.**

21       (a) IN GENERAL.—Not later than two years after the  
22 date of the enactment of this Act, the Comptroller General  
23 of the United States shall submit to the Committee on  
24 Foreign Affairs of the House of Representatives and the  
25 Committee on Foreign Relations of the Senate a report

1 on development assistance for micro, small and medium-  
2 sized enterprises administered by the United States Agen-  
3 cy for International Development.

4 (b) MATTERS TO BE INCLUDED.—The report re-  
5 quired under subsection (a) shall include an assessment  
6 of the following:

7 (1) What is known about the impact of such de-  
8 velopment assistance on the economies of developing  
9 countries.

10 (2) The extent to which such development as-  
11 sistance is targeting women and the very poor, in-  
12 cluding what is known about how such development  
13 assistance benefits women.

14 (3) The extent to which the United States  
15 Agency for International Development has developed  
16 a methodology used to ensure compliance with the  
17 targeted assistance requirement in section 252(c) of  
18 the Foreign Assistance Act of 1961, as amended by  
19 section 4 of this Act.

20 (4) The monitoring system requirements in sec-  
21 tion 253(b) of the Foreign Assistance Act of 1961,  
22 as amended by section 4 of this Act, including the  
23 quality of such monitoring system.

