

115TH CONGRESS
2D SESSION

S. 3247

AN ACT

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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Women’s Entrepre-
3 neurship and Economic Empowerment Act of 2018”.

4 **SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) Because women make up the majority of
7 the world’s poor and gender inequalities prevail in
8 incomes, wages, access to finance, ownership of as-
9 sets, and control over the allocation of resources,
10 women’s entrepreneurship and economic empower-
11 ment is important to achieve inclusive economic
12 growth at all levels of society.

13 (2) Research shows that when women exert
14 greater influence over household finances, economic
15 outcomes for families improve, and childhood sur-
16 vival rates, food security, and educational attain-
17 ment increase. Women also tend to place a greater
18 emphasis on household savings which improves fam-
19 ily financial resiliency.

20 (3) A 2016 report by the McKinsey Global In-
21 stitute estimated that achieving global gender parity
22 in economic activity could add as much as
23 \$28,000,000,000,000 to annual global gross domes-
24 tic product by 2025.

25 (4) Lack of access to financial services that ad-
26 dress gender-specific constraints impedes women’s

1 economic inclusion. Roughly 1,000,000,000 women
 2 around the world are currently left out of the formal
 3 financial system, which causes many women to rely
 4 on informal means of saving and borrowing that are
 5 riskier and less reliable.

6 (5) Among other consequences, this lack of ac-
 7 cess hampers the success of women entrepreneurs,
 8 including women who are seeking to run or grow
 9 small and medium-sized enterprises. The Inter-
 10 national Finance Corporation has estimated that 70
 11 percent of women-owned small and medium-sized en-
 12 terprises in the formal sector are unserved or under-
 13 served in terms of access to financial services, result-
 14 ing in a financing gap of \$300,000,000,000 for
 15 women-owned small businesses.

16 (6) Women's economic empowerment is inex-
 17 tricably linked to a myriad of other women's human
 18 rights that are essential to their ability to thrive as
 19 economic actors across the lifecycle, including—

20 (A) living lives free of violence and exploi-
 21 tation;

22 (B) achieving the highest possible standard
 23 of health and well-being;

1 (C) enjoying full legal and human rights,
 2 such as access to registration, identification,
 3 and citizenship documents;

4 (D) benefitting from formal and informal
 5 education;

6 (E) equal protection of and access to land
 7 and property rights;

8 (F) access to fundamental labor rights;

9 (G) policies to address disproportionate
 10 care burdens; and

11 (H) business and management skills and
 12 leadership opportunities.

13 (7) Discriminatory legal and regulatory systems
 14 and banking practices are obstacles to women's ac-
 15 cess to capital and assets, including land, machinery,
 16 production facilities, technology, and human re-
 17 sources. These barriers are often connected to a
 18 woman's marital status, which can determine wheth-
 19 er she is able to inherit land or own property in her
 20 name. These constraints contribute to women fre-
 21 quently running smaller businesses, with fewer em-
 22 ployees and lower asset values.

23 (8) Savings groups primarily comprised of
 24 women are recognized as a vital entry point, espe-
 25 cially for poor and very poor women, to formal fi-

1 nancial services. There is a high demand for such
 2 groups to protect and grow the savings of women
 3 with formal financial institutions.

4 (9) Evidence shows that, once a saving group is
 5 linked to a bank, the average savings per member
 6 increases between 40 to 100 percent and the average
 7 profit per member doubles. Investing in financial lit-
 8 eracy, business leadership training, and mentorship
 9 are key elements to these outcomes.

10 (10) United States support for microenterprise
 11 and microfinance development programs, which seek
 12 to reduce poverty in low-income countries by giving
 13 small loans to small-scale entrepreneurs without col-
 14 lateral, have been a useful mechanism to help fami-
 15 lies weather economic shocks, but many microcredit
 16 borrowers largely remain in poverty.

17 (11) The vast majority of microcredit borrowers
 18 are women who would like to move up the economic
 19 ladder, but are held back by binding constraints that
 20 create a missing middle – large numbers of micro-
 21 enterprises, a handful of large firms or conglom-
 22 erates, and very few small and medium-sized enter-
 23 prises in between, which are critical to driving eco-
 24 nomic growth in developing countries.

1 (12) According to the World Bank, small and
 2 medium-sized enterprises create 4 out of 5 new posi-
 3 tions in emerging markets, but approximately 50
 4 percent of formal small and medium-sized enter-
 5 prises lack access to formal credit. The financing
 6 gap is even larger when micro and informal enter-
 7 prises are taken into account. Overall, approximately
 8 70 percent of all micro, small, and medium-sized en-
 9 terprises in emerging markets lack access to credit.

10 **SEC. 3. ACTIONS TO IMPROVE THE INTERNATIONAL GEN-**
 11 **DER POLICY OF THE UNITED STATES AGENCY**
 12 **FOR INTERNATIONAL DEVELOPMENT.**

13 (a) GENDER ANALYSIS DEFINED.—In this section,
 14 the term “gender analysis”—

15 (1) means a socioeconomic analysis of available
 16 or gathered quantitative and qualitative information
 17 to identify, understand, and explain gaps between
 18 men and women which typically involves exam-
 19 ining—

20 (A) differences in the status of women and
 21 men and their differential access to and control
 22 over assets, resources, education, opportunities,
 23 and services;

24 (B) the influence of gender roles, struc-
 25 tural barriers, and norms on the division of

1 time between paid employment, unpaid work
 2 (including the subsistence production and care
 3 for family members), and volunteer activities;

4 (C) the influence of gender roles, struc-
 5 tural barriers, and norms on leadership roles
 6 and decision making; constraints, opportunities,
 7 and entry points for narrowing gender gaps and
 8 empowering women; and

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

13 (2) includes conclusions and recommendations
 14 to enable development policies and programs to nar-
 15 row gender gaps and improve the lives of women and
 16 girls.

17 (b) INTERNATIONAL DEVELOPMENT COOPERATION
 18 POLICY.—It shall be the international development co-
 19 operation policy of the United States—

20 (1) to reduce gender disparities with respect to
 21 economic, social, political, educational, and cultural
 22 resources, wealth, opportunities, and services;

23 (2) to strive to eliminate gender-based violence
 24 and mitigate its harmful effects on individuals and
 25 communities including through efforts to develop

1 standards and capacity to reduce gender-based vio-
2 lence in the workplace and other places where
3 women work;

4 (3) to support activities that secure private
5 property rights and land tenure for women in devel-
6 oping countries, including—

7 (A) legal frameworks that give women
8 equal rights to own, register, use, profit from,
9 and inherit land and property;

10 (B) improving legal literacy to enable
11 women to exercise the rights described in sub-
12 paragraph (A); and

13 (C) improving the capacity of law enforce-
14 ment and community leaders to enforce such
15 rights;

16 (4) to increase the capability of women and
17 girls to fully exercise their rights, determine their
18 life outcomes, assume leadership roles, and influence
19 decision-making in households, communities, and so-
20 cieties; and

21 (5) to improve the access of women and girls to
22 education, particularly higher education opportuni-
23 ties in business, finance, and management, in order
24 to enhance financial literacy and business develop-
25 ment, management, and strategy skills.

1 (c) ACTIONS.—In order to advance the policy de-
 2 scribed in subsection (b), the Administrator of the United
 3 States Agency for International Development shall ensure
 4 that—

5 (1) strategies, projects, and activities of the
 6 Agency are shaped by a gender analysis;

7 (2) standard indicators are used to assess such
 8 strategies, projects, and activities, if applicable; and

9 (3) gender equality and female empowerment
 10 are integrated throughout the Agency’s program
 11 cycle and related processes for purposes of strategic
 12 planning, project design and implementation, moni-
 13 toring, and evaluation.

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 prises”;

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

1 (C) by inserting “, and in the economic
 2 empowerment of the poor, especially women”
 3 before the period at the end;
 4 (2) in paragraph (2)—

5 (A) by striking “microenterprise” and in-
 6 serting “micro, small, and medium-sized enter-
 7 prises”; and

8 (B) by inserting “, particularly enterprises
 9 owned, managed, and controlled by women” be-
 10 fore the period at the end;

11 (3) in paragraph (3), by striking “microenter-
 12 prises” and inserting “micro, small, and medium-
 13 sized enterprises”;

14 (4) in paragraph (4), by striking “microenter-
 15 prise” and inserting “micro, small, and medium-
 16 sized enterprise”;

17 (5) in paragraph (5)—

18 (A) by striking “should continue” and in-
 19 serting “should continue and be expanded”; and

20 (B) by striking “microenterprise and
 21 microfinance development assistance” and in-
 22 serting “development assistance for micro,
 23 small, and medium-sized enterprises”; and

24 (6) in paragraph (6)—

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

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

12 (1) in subsection (a)—

13 (A) in the matter preceding paragraph (1),
14 by striking “credit, savings, and other services
15 to microfinance and microenterprise clients”
16 and inserting “credit, including the use of inno-
17 vative credit scoring models, savings, financial
18 technology, financial literacy, education, insur-
19 ance, property rights, and other services to
20 micro, small, and medium-sized enterprise cli-
21 ents”;

22 (B) in paragraph (1), by striking “micro-
23 finance and microenterprise clients” and insert-
24 ing “micro, small, and medium-sized enterprise

clients, particularly clients owned, managed,
and controlled by women”;

(C) in paragraph (2), by striking “micro-
enterprises” and inserting “micro, small, and
medium-sized enterprises”;

(D) in paragraph (3)—

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

(ii) by striking “microfinance and mi-
croenterprise clients” and inserting “micro,
small, and medium-sized enterprises”; and

(iii) by striking “and” at the end;

(E) in paragraph (4)—

(i) by striking “microfinance and mi-
croenterprise clients and institutions” and
inserting “micro, small, and medium-sized
enterprises, financial intermediaries, and
capital markets”; and

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

(F) by adding at the end the following:

“(5) assistance for the purpose of promoting
the economic empowerment of women, including

1 through increased access to financial resources and
 2 improving property rights, inheritance rights, and
 3 other legal protections; and

4 “(6) assistance for the purpose of scaling up
 5 evidence-based graduation approaches, which include
 6 targeting the very poor and households in ultra-pov-
 7 erty, consumption support, promotion of savings, fi-
 8 nancial literacy, skills training, and asset trans-
 9 fers.”;

10 (2) in subsection (b)—

11 (A) by amending paragraph (1) to read as
 12 follows:

13 “(1) IN GENERAL.—There is authorized to be
 14 established within the Agency an office to support
 15 the Agency’s efforts to broaden and deepen local fi-
 16 nancial markets, expand access to appropriate finan-
 17 cial products and services, and support the develop-
 18 ment of micro, small and medium-sized enterprises.
 19 The Office shall be headed by a Director who shall
 20 possess technical expertise and ability to offer lead-
 21 ership in the field of financial sector development.”;

22 (B) in paragraph (2)—

23 (i) by amending subparagraph (B) to
 24 read as follows:

1 “(B) USE OF CENTRAL FUNDING MECHA-
 2 NISMS.—In order to ensure that assistance
 3 under this title is distributed effectively and ef-
 4 ficiently, the office shall provide coordination
 5 and support for field-implemented programs, in-
 6 cluding through targeted core support for
 7 micro, small, and medium-sized enterprises and
 8 local financial markets.”; and

9 (ii) in subparagraph (C), in the mat-
 10 ter preceding clause (i)—

11 (I) by inserting “, particularly by
 12 protecting the use and funding of
 13 local organizations in countries in
 14 which the Agency invests,” after “and
 15 sustainability”; and

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

19 (C) by striking paragraph (3); and

20 (3) in subsection (c), by striking “subsection
 21 (a), 50 percent of all microenterprise resources” and
 22 all that follows and inserting the following: “sub-
 23 section (a)—

1 “(1) 50 percent of all micro, small, and me-
2 dium-sized enterprise resources shall be targeted to
3 activities that reach the very poor; and

4 “(2) 50 percent of all small and medium-sized
5 enterprise resources shall be targeted to activities
6 that reach enterprises owned, managed, and con-
7 trolled by women.”.

8 (c) MONITORING SYSTEM.—Section 253(b) of the
9 Foreign Assistance Act of 1961 (22 U.S.C. 2211b(b)) is
10 amended—

11 (1) in paragraph (1), by inserting “, including
12 goals on a gender disaggregated basis, such as im-
13 provements in employment, access to financial serv-
14 ices, education, enterprise development, earnings and
15 control over income, and property and land rights,”
16 after “performance goals”;

17 (2) in paragraph (2), by striking “include per-
18 formance indicators to be used in measuring or as-
19 sessing the achievement” and inserting “incorporate
20 Agency planning and reporting processes and indica-
21 tors to measure or assess the achievement”; and

22 (3) by striking paragraph (4).

23 (d) POVERTY MEASUREMENT METHODS.—Section
24 254 of the Foreign Assistance Act of 1961 (22 U.S.C.
25 2211c) is amended to read as follows:

1 **“SEC. 254. POVERTY MEASUREMENT METHODS.**

2 “The Administrator of the Agency, in consultation
3 with financial intermediaries and other appropriate orga-
4 nizations, should have in place at least 1 method for imple-
5 menting partners to use to assess poverty levels of their
6 current incoming or prospective clients.”.

7 (e) **ADDITIONAL AUTHORITIES.**—Section 255 of the
8 Foreign Assistance Act of 1961 (22 U.S.C. 2211d) is
9 amended—

10 (1) by striking “assistance for microenterprise
11 development assistance” and inserting “development
12 assistance for micro, small, and medium-sized enter-
13 prises”; and

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

16 (f) **MICROENTERPRISE DEVELOPMENT CREDITS.**—
17 Section 256 of the Foreign Assistance Act of 1961 (22
18 U.S.C. 2212) is amended—

19 (1) in the section heading, by striking “**MICRO-**
20 **ENTERPRISE DEVELOPMENT CREDITS**” and in-
21 serting “**DEVELOPMENT CREDITS FOR MICRO,**
22 **SMALL, AND MEDIUM-SIZED ENTERPRISES**”;

23 (2) in subsection (a)—

24 (A) in paragraph (1), by striking “micro-
25 and small enterprises” and inserting “micro,
26 small, and medium-sized enterprises”; and

1 (B) in paragraph (2), by striking “micro-
 2 enterprises” and inserting “micro, small, and
 3 medium-sized enterprises”;

4 (3) in subsection (b)—

5 (A) in the matter preceding paragraph (1),
 6 by striking “microenterprise households lacking
 7 full access to credit” and inserting “micro,
 8 small, and medium-sized enterprises and house-
 9 holds lacking full access to credit and other fi-
 10 nancial services”; and

11 (B) in paragraphs (1) and (2), by striking
 12 “microfinance institutions” each place such
 13 term appears and inserting “financial inter-
 14 mediaries”;

15 (4) in subsection (c), in the matter preceding
 16 paragraph (1), by striking “microfinance institu-
 17 tions” and inserting “financial intermediaries”; and

18 (5) in subsections (c) and (d), by striking “mi-
 19 croenterprise households” each place such term ap-
 20 pears and inserting “micro, small, and medium-sized
 21 enterprises and households”.

22 (g) UNITED STATES MICROFINANCE LOAN FACIL-
 23 ITY.—Section 257 of the Foreign Assistance Act of 1961
 24 (22 U.S.C. 2213) is amended—

25 (1) in subsection (a)—

1 (A) by striking “Administrator” and in-
 2 serting “President”;

3 (B) by striking “United States-supported
 4 microfinance institutions” and inserting
 5 “United States-supported financial inter-
 6 mediaries”; and

7 (2) in subsection (b)—

8 (A) in paragraph (1), by striking “United
 9 States-supported microfinance institutions”
 10 each place such term appears and inserting
 11 “United States-supported financial inter-
 12 mediaries”; and

13 (B) in paragraph (2), by striking “micro-
 14 finance institutions” and inserting “financial
 15 intermediaries”.

16 (h) CONTENTS OF REPORT.—Section 258(b) of the
 17 Foreign Assistance Act of 1961 (22 U.S.C. 2214(b)) is
 18 amended to read as follows:

19 “(b) CONTENTS.—To the extent practicable, the re-
 20 port submitted under subsection (a) should contain the
 21 following:

22 “(1) Information about assistance provided
 23 under section 252, including—

24 “(A) the amount of each grant or other
 25 form of assistance;

1 “(B) the name and type of each inter-
2 mediary and implementing partner organization
3 receiving assistance;

4 “(C) the name of each country receiving
5 assistance; and

6 “(D) the methodology used to ensure com-
7 pliance with the targeted assistance require-
8 ments under subsection (c) of such section.

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

12 “(3) The estimated number of individuals that
13 received assistance under section 252, disaggregated
14 by income level (or an appropriate proxy for income
15 level, including for the very poor), by gender, and by
16 type of assistance.

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

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

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

23 (1) in paragraph (3), by striking “Committee
24 on International Relations of the House of Rep-

1 representatives” and inserting “Committee on Foreign
2 Affairs of the House of Representatives”;

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

6 (3) in paragraph (6)—

7 (A) in subparagraph (E), by striking “mi-
8 croenterprise institution” and inserting “micro,
9 small, or medium-sized enterprise institution”;
10 and

11 (B) in subparagraph (F), by striking
12 “microfinance institution” and inserting “finan-
13 cial intermediary”;

14 (4) by striking paragraphs (7) and (8) and in-
15 serting the following:

16 “(7) MICRO, SMALL, AND MEDIUM-SIZED EN-
17 TERPRISE INSTITUTION.—The term ‘micro, small,
18 and medium-sized enterprise institution’ means an
19 entity that provides services, including finance,
20 training, or business development services, for micro,
21 small, and medium-sized enterprises in foreign coun-
22 tries.

23 “(8) FINANCIAL INTERMEDIARY.—The term ‘fi-
24 nancial intermediary’ means the entity that acts as
25 the intermediary between parties in a financial

transaction, such as a bank, credit union, investment fund, a village savings and loan group, or an institution that provides financial services to a micro, small, or medium-sized enterprise.”;

(5) by striking paragraph (9);

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

(7) in paragraph (9), as redesignated, by striking “of microenterprise development”;

(8) by amending paragraph (10), as redesignated, to read as follows:

“(10) PRACTITIONER INSTITUTION.—The term ‘practitioner institution’ means a not-for-profit entity, a financial intermediary, an information and communications technology firm with a mobile money platform, a village and savings loan group, or any other entity that provides financial or business development services authorized under section 252 that benefits micro, small, and medium-sized enterprise clients.”;

(9) in paragraph (12), as redesignated—

(A) in the paragraph heading, by striking

“UNITED STATES-SUPPORTED MICROFINANCE INSTITUTION” and inserting “UNITED STATES-SUPPORTED FINANCIAL INTERMEDIARY”; and

(B) by striking “United States-supported microfinance institution” and inserting “United States-supported financial intermediary”; and (10) in paragraph (13), as redesignated, by amending subparagraph (B) to read as follows:

“(B) living below the international poverty line (as defined by the International Bank for Reconstruction and Development and the International Development Association (collectively referred to as the ‘World Bank’)).”.

(j) TECHNICAL AND CONFORMING AMENDMENT.— Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2211 et seq.) is amended in the title heading by striking “MICROENTERPRISE DEVELOPMENT ASSISTANCE” and inserting “DEVELOPMENT ASSISTANCE FOR MICRO, SMALL, AND MEDIUM-SIZED ENTERPRISES”.

SEC. 5. REPORT AND BRIEFING BY THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT.

(a) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, the Administrator of the United States Agency for International Development shall provide a briefing and submit a report to the Committee on Foreign Affairs of the House of Representatives

1 and the Committee on Foreign Relations of the Senate
2 regarding the implementation of this Act and the amend-
3 ments made by this Act, including actions to improve the
4 gender policies of the United States Agency for Inter-
5 national Development pursuant to section 3.

6 (b) PUBLIC AVAILABILITY.—The report required
7 under subsection (a) shall be posted and made available
8 on a text-based, searchable, and publicly-available internet
9 website.

10 **SEC. 6. REPORT BY THE COMPTROLLER GENERAL OF THE**
11 **UNITED STATES.**

12 (a) IN GENERAL.—Not later than 2 years after the
13 date of the enactment of this Act, the Comptroller General
14 of the United States shall submit a report to the Com-
15 mittee on Foreign Affairs of the House of Representatives
16 and the Committee on Foreign Relations of the Senate
17 regarding development assistance for micro, small, and
18 medium-sized enterprises administered by the United
19 States Agency for International Development.

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

23 (1) What is known about the impact of such de-
24 velopment assistance on the economies of developing
25 countries.

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

5 (3) The extent to which the United States
6 Agency for International Development has developed
7 a methodology to ensure compliance with the tar-
8 geted assistance requirement under section 252(c) of
9 the Foreign Assistance Act of 1961, as amended by
10 section 4(b)(3), and the quality of such methodology.

11 (4) The monitoring system required under sec-
12 tion 253(b) of the Foreign Assistance Act of 1961,
13 as amended by section 4(c), including the quality,
14 appropriateness, and feasibility of such monitoring
15 system.

Passed the Senate December 19, 2018.

Attest:

Secretary.

115TH CONGRESS
2^D SESSION

S. 3247

AN ACT

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.