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## **FINCA INTERNATIONAL**

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106TH CONGRESS  
1ST SESSION

# S. 1463

To establish a program to provide assistance for programs of credit and other financial services for microenterprises in developing countries, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 29, 1999

Mr. DEWINE (for himself, Ms. SNOWE, Mr. TORRICELLI, Ms. COLLINS, Mr. DURBIN, Mrs. FEINSTEIN, Ms. MIKULSKI, Mr. SCHUMER, Mr. BINGAMAN, Mr. CHAFEE, and Mr. KENNEDY) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

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## A BILL

To establish a program to provide assistance for programs of credit and other financial services for microenterprises in developing countries, 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 "Microenterprise for  
5 Self-Reliance Act of 1999".

6 **SEC. 2. FINDINGS AND DECLARATIONS OF POLICY.**

7 The Congress makes the following findings and dec-  
8 larations:

1 (1) According to the World Bank, more than  
2 1,200,000,000 people in the developing world, or  
3 one-fifth of the world's population, subsist on less  
4 than \$1 a day.

5 (2) Over 32,000 of their children die each day  
6 from largely preventable malnutrition and disease.

7 (3)(A) Women in poverty generally have larger  
8 work loads and less access to educational and eco-  
9 nomic opportunities than their male counterparts.

10 (B) Directly aiding the poorest of the poor, es-  
11 pecially women, in the developing world has a posi-  
12 tive effect not only on family incomes, but also on  
13 child nutrition, health and education, as women in  
14 particular reinvest income in their families.

15 (4)(A) The poor in the developing world, par-  
16 ticularly women, generally lack stable employment  
17 and social safety nets.

18 (B) Many turn to self-employment to generate  
19 a substantial portion of their livelihood. In Africa,  
20 over 80 percent of employment is generated in the  
21 informal sector of the self-employed poor.

22 (C) These poor entrepreneurs are often trapped  
23 in poverty because they cannot obtain credit at rea-  
24 sonable rates to build their asset base or expand  
25 their otherwise viable self-employment activities.

1 (D) Many of the poor are forced to pay interest  
2 rates as high as 10 percent per day to money lend-  
3 ers.

4 (5)(A) The poor are able to expand their in-  
5 comes and their businesses dramatically when they  
6 can access loans at reasonable interest rates.

7 (B) Through the development of self-sustaining  
8 microfinance programs, poor people themselves can  
9 lead the fight against hunger and poverty.

10 (6)(A) On February 2-4, 1997, a global Micro-  
11 credit Summit was held in Washington, District of  
12 Columbia, to launch a plan to expand access to cred-  
13 it for self-employment and other financial and busi-  
14 ness services to 100,000,000 of the world's poorest  
15 families, especially the women of those families, by  
16 2005. While this scale of outreach may not be  
17 achievable in this short-time frame, the realization of  
18 this goal could dramatically alter the face of global  
19 poverty.

20 (B) With an average family size of five, achiev-  
21 ing this goal will mean that the benefits of micro-  
22 finance will thereby reach nearly half of the world's  
23 more than 1,000,000,000 absolute poor people.

24 (7)(A) Nongovernmental organizations, such as  
25 those that comprise the Microenterprise Coalition

1 (such as the Grameen Bank (Bangladesh,) K-REP  
2 (Kenya), and networks such as Accion International,  
3 the Foundation for International Community Assist-  
4 ance (FINCA), and the credit union movement) are  
5 successful in lending directly to the very poor.

6 (B) Microfinance institutions such as BRAC  
7 (Bangladesh), BancoSol (Bolivia), SEWA Bank  
8 (India), and ACEP (Senegal) are regulated financial  
9 institutions that can raise funds directly from the  
10 local and international capital markets.

11 (8)(A) Microenterprise institutions not only re-  
12 duce poverty, but also reduce the dependency on for-  
13 eign assistance.

14 (B) Interest income on the credit portfolio is  
15 used to pay recurring institutional costs, assuring  
16 the long-term sustainability of development assist-  
17 ance.

18 (9) Microfinance institutions leverage foreign  
19 assistance resources because loans are recycled, gen-  
20 erating new benefits to program participants.

21 (10)(A) The development of sustainable micro-  
22 finance institutions that provide credit and training,  
23 and mobilize domestic savings, are critical compo-  
24 nents to a global strategy of poverty reduction and  
25 broad-based economic development.

1           (B) In the efforts of the United States to lead  
2           the development of a new global financial architec-  
3           ture, microenterprise should play a vital role. The  
4           recent shocks to international financial markets  
5           demonstrate how the financial sector can shape the  
6           destiny of nations. Microfinance can serve as a pow-  
7           erful tool for building a more inclusive financial sec-  
8           tor which serves the broad majority of the world's  
9           population including the very poor and women and  
10          thus generate more social stability and prosperity.

11          (C) Over the last two decades, the United  
12          States has been a global leader in promoting the  
13          global microenterprise sector, primarily through its  
14          development assistance programs at the United  
15          States Agency for International Development. Addi-  
16          tionally, the United States Department of the Treas-  
17          ury and the Department of State have used their au-  
18          thority to promote microenterprise in the develop-  
19          ment programs of international financial institutions  
20          and the United Nations.

21          (11)(A) In 1994, the United States Agency for  
22          International Development launched the "Micro-  
23          enterprise Initiative" in partnership with the Con-  
24          gress.

1           (B) The initiative committed to expanding  
2 funding for the microenterprise programs of the  
3 Agency, and set a goal that, by the end of fiscal year  
4 1996, half of all microenterprise resources would  
5 support programs and institutions that provide cred-  
6 it to the poorest, with loans under \$300.

7           (C) In order to achieve the goal of the micro-  
8 credit summit, increased investment in microcredit  
9 institutions serving the poorest will be critical.

10           (12) Providing the United States share of the  
11 global investment needed to achieve the goal of the  
12 microcredit summit will require only a small increase  
13 in United States funding for international micro-  
14 credit programs, with an increased focus on institu-  
15 tions serving the poorest.

16           (13)(A) In order to reach tens of millions of the  
17 poorest with microcredit, it is crucial to expand and  
18 replicate successful microcredit institutions.

19           (B) These institutions need assistance in devel-  
20 oping their institutional capacity to expand their  
21 services and tap commercial sources of capital.

22           (14) Nongovernmental organizations have dem-  
23 onstrated competence in developing networks of local  
24 microfinance institutions and other assistance deliv-

1       ery mechanisms so that they reach large numbers of  
2       the very poor, and achieve financial sustainability.

3           (15) Recognizing that the United States Agency  
4       for International Development has developed very ef-  
5       fective partnerships with nongovernmental organiza-  
6       tions, and that the Agency will have fewer missions  
7       to carry out its work, the Agency should place pri-  
8       ority on investing in those nongovernmental network  
9       institutions that meet performance criteria through  
10      the central funding mechanisms of the Agency.

11          (16) By expanding and replicating successful  
12      microcredit institutions, it should be possible to cre-  
13      ate a global infrastructure to provide financial serv-  
14      ices to the world's poorest families.

15          (17)(A) The United States can provide leader-  
16      ship to other bilateral and multilateral development  
17      agencies as such agencies expand their support to  
18      the microenterprise sector.

19          (B) The United States should seek to improve  
20      coordination among G-7 countries in the support of  
21      the microenterprise sector in order to leverage the  
22      investment of the United States with that of other  
23      donor nations.

24          (18) Through increased support for microenter-  
25      prise, especially credit for the poorest, the United

1 States can continue to play a leadership role in the  
2 global effort to expand financial services and oppor-  
3 tunity to 100,000,000 of the poorest families on the  
4 planet.

5 **SEC. 3. PURPOSES.**

6 The purposes of this Act are—

7 (1) to make microenterprise development an im-  
8 portant element of United States foreign economic  
9 policy and assistance;

10 (2) to provide for the continuation and expan-  
11 sion of the commitment of the United States Agency  
12 for International Development to the development of  
13 microenterprise institutions as outlined in its 1994  
14 Microenterprise Initiative;

15 (3) to support and develop the capacity of  
16 United States and indigenous nongovernmental or-  
17 ganization intermediaries to provide credit, savings,  
18 training and technical services to microentre-  
19 preneurs;

20 (4) to increase the amount of assistance de-  
21 voted to credit activities designed to reach the poor-  
22 est sector in developing countries, and to improve  
23 the access of the poorest, particularly women, to  
24 microenterprise credit in developing countries; and

1 (5) to encourage the United States Agency for  
2 International Development to coordinate micro-  
3 finance policy, in consultation with the Department  
4 of the Treasury and the Department of State, and  
5 to provide global leadership in promoting micro-  
6 enterprise for the poorest among bilateral and multi-  
7 lateral donors.

8 **SEC. 4. MICROENTERPRISE DEVELOPMENT GRANT ASSIST-**  
9 **ANCE.**

10 Chapter 1 of part I of the Foreign Assistance Act  
11 of 1961 (22 U.S.C. 2151 et seq.) is amended—

12 (1) by redesignating the second section 129 (as  
13 added by section 4 of the Torture Victims Relief Act  
14 of 1998 (Public Law 105–320)) as section 130; and

15 (2) by adding at the end the following new sec-  
16 tion:

17 **“SEC. 131. MICROENTERPRISE DEVELOPMENT GRANT AS-**  
18 **SISTANCE.**

19 “(a) FINDINGS AND POLICY.—The Congress finds  
20 and declares that—

21 “(1) the development of microenterprise is a  
22 vital factor in the stable growth of developing coun-  
23 tries and in the development of free, open, and equi-  
24 table international economic systems;

1           “(2) it is therefore in the best interest of the  
2           United States to assist the development of micro-  
3           enterprises in developing countries; and

4           “(3) the support of microenterprise can be  
5           served by programs providing credit, savings, train-  
6           ing, and technical assistance.

7           “(b) AUTHORIZATION.—(1) In carrying out this part,  
8           the President is authorized to provide grant assistance for  
9           programs to increase the availability of credit and other  
10          services to microenterprises lacking full access to capital  
11          and training through—

12           “(A) grants to microfinance institutions for the  
13           purpose of expanding the availability of credit, sav-  
14           ings, and other financial services to microentre-  
15           preneurs;

16           “(B) training, technical assistance, and other  
17           support for microenterprises to enable them to make  
18           better use of credit, to better manage their enter-  
19           prises, and to increase their income and build their  
20           assets;

21           “(C) capacity building for microfinance institu-  
22           tions in order to enable them to better meet the  
23           credit and training needs of microentrepreneurs; and

24           “(D) policy and regulatory programs at the  
25           country level that improve the environment for

1 microfinance institutions that serve the poor and  
2 very poor.

3 “(2) Assistance authorized under paragraph (1) shall  
4 be provided through organizations that have a capacity to  
5 develop and implement microenterprise programs, includ-  
6 ing particularly—

7 “(A) United States and indigenous private and  
8 voluntary organizations;

9 “(B) United States and indigenous credit  
10 unions and cooperative organizations;

11 “(C) other indigenous governmental and non-  
12 governmental organizations; or

13 “(D) business development services, including  
14 indigenous craft programs.

15 “(3) In carrying out sustainable poverty-focused pro-  
16 grams under paragraph (1), 50 percent of all microenter-  
17 prise resources shall be used for direct support of pro-  
18 grams under this subsection through practitioner institu-  
19 tions that provide credit and other financial services to  
20 the poorest with loans of \$300 or less in 1995 United  
21 States dollars and can cover their costs of credit programs  
22 with revenue from lending activities or that demonstrate  
23 the capacity to do so in a reasonable time period.

24 “(4) The President should continue support for cen-  
25 tral mechanisms and missions that—

1           “(A) provide technical support for field mis-  
2       sions;

3           “(B) strengthen the institutional development  
4       of the intermediary organizations described in para-  
5       graph (2);

6           “(C) share information relating to the provision  
7       of assistance authorized under paragraph (1) be-  
8       tween such field missions and intermediary organiza-  
9       tions; and

10          “(D) support the development of nonprofit glob-  
11       al microfinance networks, including credit union sys-  
12       tems, that—

13               “(i) are able to deliver very small loans  
14               through a vast grassroots infrastructure based  
15               on market principles; and

16               “(ii) act as wholesale intermediaries pro-  
17               viding a range of services to microfinance retail  
18               institutions, including financing, technical as-  
19               sistance, capacity building and safety and  
20               soundness accreditation.

21          “(5) Assistance provided under this subsection may  
22       only be used to support microenterprise programs and  
23       may not be used to support programs not directly related  
24       to the purposes described in paragraph (1).

1       “(c) MONITORING SYSTEM.—In order to maximize  
2 the sustainable development impact of the assistance au-  
3 thorized under subsection (a)(1), the Administrator of the  
4 United States Agency for International Development shall  
5 establish a monitoring system that—

6           “(1) establishes performance goals for such as-  
7 sistance and expresses such goals in an objective and  
8 quantifiable form, to the extent feasible;

9           “(2) establishes performance indicators to be  
10 used in measuring or assessing the achievement of  
11 the goals and objectives of such assistance;

12           “(3) provides a basis for recommendations for  
13 adjustments to such assistance to enhance the sus-  
14 tainable development impact of such assistance, par-  
15 ticularly the impact of such assistance on the very  
16 poor, particularly poor women; and

17           “(4) provides a basis for recommendations for  
18 adjustments to measures for reaching the poorest of  
19 the poor, including proposed legislation containing  
20 amendments to improve paragraph (3).

21       “(d) AUTHORIZATION OF APPROPRIATIONS.—

22           “(1) IN GENERAL.—(A) There are authorized  
23 to be appropriated \$152,000,000 for fiscal year  
24 2000 and \$167,000,000 for fiscal year 2001 to carry  
25 out this section.

1           “(B) Amounts appropriated pursuant to the au-  
2           thorization of appropriations under subparagraph  
3           (A) are authorized to remain available until ex-  
4           pended.

5           “(2) RULE OF CONSTRUCTION.—Amounts au-  
6           thorized to be appropriated under paragraph (1) are  
7           in addition to amounts otherwise available to carry  
8           out this section.”.

9           **SEC. 5. MICRO- AND SMALL ENTERPRISE DEVELOPMENT**  
10           **CREDITS.**

11           Section 108 of the Foreign Assistance Act of 1961  
12           (22 U.S.C. 2151f) is amended to read as follows:

13           **“SEC. 108. MICRO- AND SMALL ENTERPRISE DEVELOPMENT**  
14           **CREDITS.**

15           “(a) FINDINGS AND POLICY.—The Congress finds  
16           and declares that—

17           “(1) the development of micro- and small enter-  
18           prises are a vital factor in the stable growth of de-  
19           veloping countries and in the development and sta-  
20           bility of a free, open, and equitable international  
21           economic system; and

22           “(2) it is, therefore, in the best interests of the  
23           United States to assist the development of the enter-  
24           prises of the poor in developing countries and to en-

1 gage the United States private sector in that proc-  
2 ess.

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

8 “(1) loans and guarantees to credit institutions  
9 for the purpose of expanding the availability of cred-  
10 it to micro- and small enterprises;

11 “(2) training programs for lenders in order to  
12 enable them to better meet the credit needs of  
13 microentrepreneurs; and

14 “(3) training programs for microentrepreneurs  
15 in order to enable them to make better use of credit  
16 and to better manage their enterprises.

17 “(c) ELIGIBILITY CRITERIA.—The Administrator of  
18 the United States Agency for International Development  
19 shall establish criteria for determining which entities de-  
20 scribed in subsection (b) are eligible to carry out activities,  
21 with respect to micro- and small enterprises, assisted  
22 under this section. Such criteria may include the following:

23 “(1) The extent to which the recipients of credit  
24 from the entity do not have access to the local for-  
25 mal financial sector.

1           “(2) The extent to which the recipients of credit  
2           from the entity are among the poorest people in the  
3           country.

4           “(3) The extent to which the entity is oriented  
5           toward working directly with poor women.

6           “(4) The extent to which the entity recovers its  
7           cost of lending to the poor.

8           “(5) The extent to which the entity implements  
9           a plan to become financially sustainable.

10          “(d) ADDITIONAL REQUIREMENT.—Assistance pro-  
11          vided under this section may only be used to support  
12          micro- and small enterprise programs and may not be used  
13          to support programs not directly related to the purposes  
14          described in subsection (b).

15          “(e) AUTHORIZATION OF APPROPRIATIONS.—

16                 “(1) IN GENERAL.—(A) There are authorized  
17                 to be appropriated \$1,500,000 for each of the fiscal  
18                 years 2000 and 2001 to carry out this section.

19                 “(B) Amounts authorized to be appropriated  
20                 under subparagraph (A) shall be made available for  
21                 the subsidy cost, as defined in section 502(5) of the  
22                 Federal Credit Reform Act of 1990, for activities  
23                 under this section.

24                 “(2) ADMINISTRATIVE EXPENSES.—There are  
25                 authorized to be appropriated \$500,000 for each of

1 the fiscal years 2000 and 2001 for the cost of ad-  
2 ministrative expenses in carrying out this section.

3 “(3) RULE OF CONSTRUCTION.—Amounts au-  
4 thorized to be appropriated under this subsection are  
5 in addition to amounts otherwise available to carry  
6 out this section.”.

7 **SEC. 6. MICROFINANCE LOAN FACILITY.**

8 Chapter 1 of part I of the Foreign Assistance Act  
9 of 1961 (22 U.S.C. 2151 et seq.), as amended by this Act,  
10 is further amended by adding the following new section:

11 **“SEC. 132. UNITED STATES MICROFINANCE LOAN FACILITY.**

12 “(a) ESTABLISHMENT.—The Administrator of the  
13 United States Agency for International Development is  
14 authorized to establish a United States Microfinance Loan  
15 Facility (hereinafter in this section referred to as the ‘Fa-  
16 cility’) to pool and manage the risk from natural disasters,  
17 war or civil conflict, national financial crisis, or short-term  
18 financial movements that threaten the long-term develop-  
19 ment of United States-supported microfinance institu-  
20 tions.

21 “(b) SUPERVISORY BOARD OF THE FACILITY.—(1)  
22 The Facility shall be supervised by a board composed of  
23 the following representatives appointed by the President  
24 not later than 180 days after the date of the enactment  
25 of Microenterprise for Self-Reliance Act of 1999:

1           “(A) 1 representative from the Department of  
2 the Treasury.

3           “(B) 1 representative from the Department of  
4 State.

5           “(C) 1 representative from the United States  
6 Agency for International Development.

7           “(D)(i) 2 United States citizens from United  
8 States nongovernmental organizations that operate  
9 United States-sponsored microfinance activities.

10           “(ii) Individuals described in clause (i) shall be  
11 appointed for a term of 2 years.

12           “(2) The Administrator of the United States Agency  
13 for International Development or his designee shall serve  
14 as Chairman and an additional voting member of the  
15 board.

16           “(c) DISBURSEMENTS.—(1) The board shall make  
17 disbursements from the Facility to United States-spon-  
18 sored microfinance institutions to prevent the bankruptcy  
19 of such institutions caused by (A) natural disasters, (B)  
20 national wars or civil conflict, or (C) national financial cri-  
21 sis or other short term financial movements that threaten  
22 the long-term development of United States-supported  
23 microfinance institutions. Such disbursements shall be  
24 made as concessional loans that are repaid maintaining  
25 the real value of the loan to microfinance institutions that

1 demonstrate the capacity to resume self-sustained oper-  
2 ations within a reasonable time period. The Facility shall  
3 provide for loan losses with each loan disbursed.

4 “(2) During each of the fiscal years 2001 and 2002,  
5 funds may not be made available from the Facility until  
6 15 days after notification of the availability has been pro-  
7 vided to the congressional committees specified in section  
8 634A of this Act in accordance with the procedures appli-  
9 cable to reprogramming notifications under that section.

10 “(d) REPORT.—Not later than 60 days after the date  
11 on which the last representative to the board is appointed  
12 pursuant to subsection (b), the chairman of the board  
13 shall prepare and submit to the appropriate congressional  
14 committees a report on the policies, rules, and regulations  
15 of the Facility.

16 “(e) FUNDING.—

17 “(1) AVAILABILITY OF FUNDS TO COVER SUB-  
18 SIDY COSTS.—Of the funds made available to carry  
19 out this part for fiscal years 2000 and 2001, up to  
20 \$5,000,000 may be made available to cover the sub-  
21 sidy cost (as defined in section 502(5) of the Fed-  
22 eral Credit Reform Act of 1990) to carry out this  
23 section for each such fiscal year. In addition, of such  
24 amount for each fiscal year, up to \$\_\_\_\_\_

1 may be made available for administrative expenses  
2 in carrying out this section.

3 “(2) APPLICABLE AUTHORITIES.—The provi-  
4 sions of section 107A(d) of the Foreign Assistance  
5 Act of 1961 (as contained in section 306 of H.R.  
6 1486, as reported to the House of Representatives  
7 on May 9, 1997) shall be applicable to assistance  
8 provided under this section, except that paragraphs  
9 (5) through (8) thereof shall not apply.

10 “(3) RELATION TO OTHER AMOUNTS AVAIL-  
11 ABLE.—Amounts made available under paragraph  
12 (1) are in addition to amounts available to carry out  
13 this section under any other provision of law.

14 “(f) DEFINITIONS.—In this section:

15 “(1) APPROPRIATE CONGRESSIONAL COMMIT-  
16 TEES.—The term ‘appropriate congressional com-  
17 mittees’ means the Committee on International Re-  
18 lations of the House of Representatives and the  
19 Committee on Foreign Relations of the Senate.

20 “(2) UNITED STATES-SUPPORTED MICRO-  
21 FINANCE INSTITUTION.—The term ‘United States-  
22 supported microfinance institution’ means a finan-  
23 cial intermediary that has received funds made avail-  
24 able under this Act for fiscal year 1980 or any sub-  
25 sequent fiscal year.”.

1 **SEC. 7. REPORT RELATING TO FUTURE DEVELOPMENT OF**  
2 **MICROFINANCE INSTITUTIONS.**

3 (a) REPORT.—Not later than 180 days after the date  
4 of the enactment of this Act, the President, in consultation  
5 with the Administrator of the United States Agency for  
6 International Development, the Secretary of State, and  
7 the Secretary of the Treasury, shall prepare and transmit  
8 to the appropriate congressional committees a report on  
9 the most cost-effective methods for increasing the access  
10 of poor people to credit, other financial services, and re-  
11 lated training.

12 (b) CONTENTS.—The report described in subsection  
13 (a)—

14 (1) should include how the President, in con-  
15 sultation with the Administrator of the United  
16 States Agency for International Development, the  
17 Secretary of State, and the Secretary of the Treas-  
18 ury, will jointly develop a comprehensive strategy for  
19 advancing the global microenterprise sector in a way  
20 that maintains market principles while assuring that  
21 the very poor, particularly women, obtain access to  
22 financial services; and

23 (2) shall provide guidelines and recommenda-  
24 tions for—

1 (A) instruments to assist microenterprise  
2 networks to develop multi-country and regional  
3 microlending programs;

4 (B) technical assistance to foreign govern-  
5 ments, foreign central banks and regulatory en-  
6 tities to improve the policy environment for  
7 microfinance institutions, and to strengthen the  
8 capacity of supervisory bodies to supervise  
9 microcredit institutions;

10 (C) the potential for federal chartering of  
11 United States-based international microfinance  
12 network institutions, including proposed legisla-  
13 tion;

14 (D) instruments to increase investor con-  
15 fidence in microcredit institutions which would  
16 strengthen the long-term financial position of  
17 the microcredit institutions and attract capital  
18 from private sector entities and individuals,  
19 such as a rating system for microcredit institu-  
20 tions and local credit bureaus;

21 (E) an agenda for integrating microfinance  
22 into United States foreign policy initiatives  
23 seeking to develop and strengthen the global fi-  
24 nance sector; and

1 (F) innovative instruments to attract funds  
2 from the capital markets, such as instruments  
3 for leveraging funds from the local commercial  
4 banking sector, and the securitization of  
5 microloan portfolios.

6 (c) APPROPRIATE CONGRESSIONAL COMMITTEES DE-  
7 FINED.—In this section, the term “appropriate congres-  
8 sional committees” means the Committee on International  
9 Relations of the House of Representatives and the Com-  
10 mittee on Foreign Relations of the Senate.

11 **SEC. 8. UNITED STATES AGENCY FOR INTERNATIONAL DE-**  
12 **VELOPMENT AS GLOBAL LEADER AND COOR-**  
13 **DINATOR OF BILATERAL AND MULTILATERAL**  
14 **MICROENTERPRISE ASSISTANCE ACTIVITIES.**

15 (a) FINDINGS AND POLICY.—The Congress finds and  
16 declares that—

17 (1) the United States can provide leadership to  
18 other bilateral and multilateral development agencies  
19 as such agencies expand their support to the micro-  
20 enterprise sector; and

21 (2) the United States should seek to improve  
22 coordination among G–7 countries in the support of  
23 the microenterprise sector in order to leverage the  
24 investment of the United States with that of other  
25 donor nations.

1 (b) SENSE OF THE CONGRESS.—It is the sense of  
2 the Congress that—

3 (1) the Administrator of the United States  
4 Agency for International Development and the Sec-  
5 retary of State should seek to support and strength-  
6 en the effectiveness of microfinance activities in  
7 United Nations agencies, such as the International  
8 Fund for Agricultural Development (IFAD) and the  
9 United Nations Development Program (UNDP),  
10 which have provided key leadership in developing the  
11 microenterprise sector; and

12 (2) the Secretary of the Treasury should in-  
13 struct each United States Executive Director of the  
14 Multilateral Development Banks (MDBs) to advo-  
15 cate the development of a coherent and coordinated  
16 strategy to support the microenterprise sector and  
17 an increase of multilateral resource flows for the  
18 purposes of building microenterprise retail and  
19 wholesale intermediaries.

○

*Bill Summary & Status for the 106th Congress*

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**S.1463**SPONSOR: [Sen DeWine, Michael](#) (introduced 07/29/99)

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106TH CONGRESS  
1ST SESSION

# H. R. 1143

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IN THE SENATE OF THE UNITED STATES

APRIL 14, 1999

Received; read twice and referred to the Committee on Foreign Relations

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## AN ACT

To establish a program to provide assistance for programs of credit and other financial services for microenterprises in developing countries, 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 for  
3 Self-Reliance Act of 1999”.

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

5 The Congress makes the following findings and dec-  
6 larations:

7 (1) According to the World Bank, more than  
8 1,200,000,000 people in the developing world, or  
9 one-fifth of the world’s population, subsist on less  
10 than \$1 a day.

11 (2) Over 32,000 of their children die each day  
12 from largely preventable malnutrition and disease.

13 (3)(A) Women in poverty generally have larger  
14 work loads and less access to educational and eco-  
15 nomic opportunities than their male counterparts.

16 (B) Directly aiding the poorest of the poor, es-  
17 pecially women, in the developing world has a posi-  
18 tive effect not only on family incomes, but also on  
19 child nutrition, health and education, as women in  
20 particular reinvest income in their families.

21 (4)(A) The poor in the developing world, par-  
22 ticularly women, generally lack stable employment  
23 and social safety nets.

24 (B) Many turn to self-employment to generate  
25 a substantial portion of their livelihood. In Africa,

1 over 80 percent of employment is generated in the  
2 informal sector of the self-employed poor.

3 (C) These poor entrepreneurs are often trapped  
4 in poverty because they cannot obtain credit at rea-  
5 sonable rates to build their asset base or expand  
6 their otherwise viable self-employment activities.

7 (D) Many of the poor are forced to pay interest  
8 rates as high as 10 percent per day to money lend-  
9 ers.

10 (5)(A) The poor are able to expand their in-  
11 comes and their businesses dramatically when they  
12 can access loans at reasonable interest rates.

13 (B) Through the development of self-sustaining  
14 microfinance programs, poor people themselves can  
15 lead the fight against hunger and poverty.

16 (6)(A) On February 2–4, 1997, a global Micro-  
17 credit Summit was held in Washington, District of  
18 Columbia, to launch a plan to expand access to cred-  
19 it for self-employment and other financial and busi-  
20 ness services to 100,000,000 of the world's poorest  
21 families, especially the women of those families, by  
22 2005.

23 (B) With an average family size of five, achiev-  
24 ing this goal will mean that the benefits of micro-

1 finance will thereby reach nearly half of the world's  
2 more than 1,000,000,000 absolute poor people.

3 (7)(A) Nongovernmental organizations, such as  
4 those that comprise the Microenterprise Coalition  
5 (such as the Grameen Bank (Bangladesh,) K-REP  
6 (Kenya), and networks such as Accion International,  
7 the Foundation for International Community Assist-  
8 ance (FINCA), and the credit union movement) are  
9 successful in lending directly to the very poor.

10 (B) Microfinance institutions such as BRAC  
11 (Bangladesh), BancoSol (Bolivia), SEWA Bank  
12 (India), and ACEP (Senegal) are regulated financial  
13 institutions that can raise funds directly from the  
14 local and international capital markets.

15 (8)(A) Microenterprise institutions not only re-  
16 duce poverty, but also reduce the dependency on for-  
17 eign assistance.

18 (B) Interest income on the credit portfolio is  
19 used to pay recurring institutional costs, assuring  
20 the long-term sustainability of development assist-  
21 ance.

22 (9) Microfinance institutions leverage foreign  
23 assistance resources because loans are recycled, gen-  
24 erating new benefits to program participants.

1           (10)(A) The development of sustainable micro-  
2           finance institutions that provide credit and training,  
3           and mobilize domestic savings, are critical compo-  
4           nents to a global strategy of poverty reduction and  
5           broad-based economic development.

6           (B) In the efforts of the United States to lead  
7           the development of a new global financial architec-  
8           ture, microenterprise should play a vital role. The  
9           recent shocks to international financial markets  
10          demonstrate how the financial sector can shape the  
11          destiny of nations. Microfinance can serve as a pow-  
12          erful tool for building a more inclusive financial sec-  
13          tor which serves the broad majority of the world's  
14          population including the very poor and women and  
15          thus generate more social stability and prosperity.

16          (C) Over the last two decades, the United  
17          States has been a global leader in promoting the  
18          global microenterprise sector, primarily through its  
19          development assistance programs at the United  
20          States Agency for International Development. Addi-  
21          tionally, the United States Department of the Treas-  
22          ury and the Department of State have used their au-  
23          thority to promote microenterprise in the develop-  
24          ment programs of international financial institutions  
25          and the United Nations.

1           (11)(A) In 1994, the United States Agency for  
2 International Development launched the “Micro-  
3 enterprise Initiative” in partnership with the Con-  
4 gress.

5           (B) The initiative committed to expanding  
6 funding for the microenterprise programs of the  
7 Agency, and set a goal that, by the end of fiscal year  
8 1996, half of all microenterprise resources would  
9 support programs and institutions that provide cred-  
10 it to the poorest, with loans under \$300.

11          (C) In order to achieve the goal of the micro-  
12 credit summit, increased investment in microcredit  
13 institutions serving the poorest will be critical.

14          (12) Providing the United States share of the  
15 global investment needed to achieve the goal of the  
16 microcredit summit will require only a small increase  
17 in United States funding for international micro-  
18 credit programs, with an increased focus on institu-  
19 tions serving the poorest.

20          (13)(A) In order to reach tens of millions of the  
21 poorest with microcredit, it is crucial to expand and  
22 replicate successful microcredit institutions.

23          (B) These institutions need assistance in devel-  
24 oping their institutional capacity to expand their  
25 services and tap commercial sources of capital.

1           (14) Nongovernmental organizations have dem-  
2           onstrated competence in developing networks of local  
3           microfinance institutions and other assistance deliv-  
4           ery mechanisms so that they reach large numbers of  
5           the very poor, and achieve financial sustainability.

6           (15) Recognizing that the United States Agency  
7           for International Development has developed very ef-  
8           fective partnerships with nongovernmental organiza-  
9           tions, and that the Agency will have fewer missions  
10          to carry out its work, the Agency should place pri-  
11          ority on investing in those nongovernmental network  
12          institutions that meet performance criteria through  
13          the central funding mechanisms of the Agency.

14          (16) By expanding and replicating successful  
15          microcredit institutions, it should be possible to cre-  
16          ate a global infrastructure to provide financial serv-  
17          ices to the world's poorest families.

18          (17)(A) The United States can provide leader-  
19          ship to other bilateral and multilateral development  
20          agencies as such agencies expand their support to  
21          the microenterprise sector.

22          (B) The United States should seek to improve  
23          coordination among G-7 countries in the support of  
24          the microenterprise sector in order to leverage the

1 investment of the United States with that of other  
2 donor nations.

3 (18) Through increased support for microenter-  
4 prise, especially credit for the poorest, the United  
5 States can continue to play a leadership role in the  
6 global effort to expand financial services and oppor-  
7 tunity to 100,000,000 of the poorest families on the  
8 planet.

9 **SEC. 3. PURPOSES.**

10 The purposes of this Act are—

11 (1) to make microenterprise development an im-  
12 portant element of United States foreign economic  
13 policy and assistance;

14 (2) to provide for the continuation and expan-  
15 sion of the commitment of the United States Agency  
16 for International Development to the development of  
17 microenterprise institutions as outlined in its 1994  
18 Microenterprise Initiative;

19 (3) to support and develop the capacity of  
20 United States and indigenous nongovernmental or-  
21 ganization intermediaries to provide credit, savings,  
22 training and technical services to microentre-  
23 preneurs;

24 (4) to increase the amount of assistance de-  
25 voted to credit activities designed to reach the poor-

1 est sector in developing countries, and to improve  
2 the access of the poorest, particularly women, to  
3 microenterprise credit in developing countries; and

4 (5) to encourage the United States Agency for  
5 International Development to coordinate micro-  
6 finance policy, in consultation with the Department  
7 of the Treasury and the Department of State, and  
8 to provide global leadership in promoting micro-  
9 enterprise for the poorest among bilateral and multi-  
10 lateral donors.

11 **SEC. 4. MICROENTERPRISE DEVELOPMENT GRANT ASSIST-**  
12 **ANCE.**

13 Chapter 1 of part I of the Foreign Assistance Act  
14 of 1961 (22 U.S.C. 2151 et seq.) is amended—

15 (1) by redesignating the second section 129 (as  
16 added by section 4 of the Torture Victims Relief Act  
17 of 1998 (Public Law 105-320)) as section 130; and

18 (2) by adding at the end the following new sec-  
19 tion:

20 **“SEC. 131. MICROENTERPRISE DEVELOPMENT GRANT AS-**  
21 **SISTANCE.**

22 “(a) FINDINGS AND POLICY.—The Congress finds  
23 and declares that—

24 “(1) the development of microenterprise is a  
25 vital factor in the stable growth of developing coun-

1 tries and in the development of free, open, and equi-  
2 table international economic systems;

3 “(2) it is therefore in the best interest of the  
4 United States to assist the development of micro-  
5 enterprises in developing countries; and

6 “(3) the support of microenterprise can be  
7 served by programs providing credit, savings, train-  
8 ing, and technical assistance.

9 “(b) AUTHORIZATION.—(1) In carrying out this part,  
10 the President is authorized to provide grant assistance for  
11 programs to increase the availability of credit and other  
12 services to microenterprises lacking full access to capital  
13 and training through—

14 “(A) grants to microfinance institutions for the  
15 purpose of expanding the availability of credit, sav-  
16 ings, and other financial services to microentre-  
17 preneurs;

18 “(B) training, technical assistance, and other  
19 support for microenterprises to enable them to make  
20 better use of credit, to better manage their enter-  
21 prises, and to increase their income and build their  
22 assets;

23 “(C) capacity building for microfinance institu-  
24 tions in order to enable them to better meet the  
25 credit and training needs of microentrepreneurs; and

1           “(D) policy and regulatory programs at the  
2 country level that improve the environment for  
3 microfinance institutions that serve the poor and  
4 very poor.

5           “(2) Assistance authorized under paragraph (1) shall  
6 be provided through organizations that have a capacity to  
7 develop and implement microenterprise programs, includ-  
8 ing particularly—

9           “(A) United States and indigenous private and  
10 voluntary organizations;

11           “(B) United States and indigenous credit  
12 unions and cooperative organizations;

13           “(C) other indigenous governmental and non-  
14 governmental organizations; or

15           “(D) business development services, including  
16 indigenous craft programs.

17           “(3) In carrying out sustainable poverty-focused pro-  
18 grams under paragraph (1), 50 percent of all microenter-  
19 prise resources shall be used for direct support of pro-  
20 grams under this subsection through practitioner institu-  
21 tions that provide credit and other financial services to  
22 the poorest with loans of \$300 or less in 1995 United  
23 States dollars and can cover their costs of credit programs  
24 with revenue from lending activities or that demonstrate  
25 the capacity to do so in a reasonable time period.

1       “(4) The President should continue support for cen-  
2 tral mechanisms and missions that—

3           “(A) provide technical support for field mis-  
4 sions;

5           “(B) strengthen the institutional development  
6 of the intermediary organizations described in para-  
7 graph (2);

8           “(C) share information relating to the provision  
9 of assistance authorized under paragraph (1) be-  
10 tween such field missions and intermediary organiza-  
11 tions; and

12           “(D) support the development of nonprofit glob-  
13 al microfinance networks, including credit union sys-  
14 tems, that—

15           “(i) are able to deliver very small loans  
16 through a vast grassroots infrastructure based  
17 on market principles; and

18           “(ii) act as wholesale intermediaries pro-  
19 viding a range of services to microfinance retail  
20 institutions, including financing, technical as-  
21 sistance, capacity building and safety and  
22 soundness accreditation.

23       “(5) Assistance provided under this subsection may  
24 only be used to support microenterprise programs and

1 may not be used to support programs not directly related  
2 to the purposes described in paragraph (1).

3 “(c) MONITORING SYSTEM.—In order to maximize  
4 the sustainable development impact of the assistance au-  
5 thorized under subsection (a)(1), the Administrator of the  
6 United States Agency for International Development shall  
7 establish a monitoring system that—

8 “(1) establishes performance goals for such as-  
9 sistance and expresses such goals in an objective and  
10 quantifiable form, to the extent feasible;

11 “(2) establishes performance indicators to be  
12 used in measuring or assessing the achievement of  
13 the goals and objectives of such assistance;

14 “(3) provides a basis for recommendations for  
15 adjustments to such assistance to enhance the sus-  
16 tainable development impact of such assistance, par-  
17 ticularly the impact of such assistance on the very  
18 poor, particularly poor women; and

19 “(4) provides a basis for recommendations for  
20 adjustments to measures for reaching the poorest of  
21 the poor, including proposed legislation containing  
22 amendments to improve paragraph (3).

23 “(d) AUTHORIZATION OF APPROPRIATIONS.—

24 “(1) IN GENERAL.—(A) There are authorized  
25 to be appropriated \$152,000,000 for fiscal year

1 2000 and \$167,000,000 for fiscal year 2001 to carry  
2 out this section.

3 “(B) Amounts appropriated pursuant to the au-  
4 thorization of appropriations under subparagraph  
5 (A) are authorized to remain available until ex-  
6 pended.

7 “(2) RULE OF CONSTRUCTION.—Amounts au-  
8 thorized to be appropriated under paragraph (1) are  
9 in addition to amounts otherwise available to carry  
10 out this section.”.

11 **SEC. 5. MICRO- AND SMALL ENTERPRISE DEVELOPMENT**  
12 **CREDITS.**

13 Section 108 of the Foreign Assistance Act of 1961  
14 (22 U.S.C. 2151f) is amended to read as follows:

15 **“SEC. 108. MICRO- AND SMALL ENTERPRISE DEVELOPMENT**  
16 **CREDITS.**

17 “(a) FINDINGS AND POLICY.—The Congress finds  
18 and declares that—

19 “(1) the development of micro- and small enter-  
20 prises are a vital factor in the stable growth of de-  
21 veloping countries and in the development and sta-  
22 bility of a free, open, and equitable international  
23 economic system; and

24 “(2) it is, therefore, in the best interests of the  
25 United States to assist the development of the enter-

1       prises of the poor in developing countries and to en-  
2       gage the United States private sector in that proc-  
3       ess.

4       “(b) PROGRAM.—To carry out the policy set forth in  
5       subsection (a), the President is authorized to provide as-  
6       sistance to increase the availability of credit to micro- and  
7       small enterprises lacking full access to credit, including  
8       through—

9               “(1) loans and guarantees to credit institutions  
10       for the purpose of expanding the availability of cred-  
11       it to micro- and small enterprises;

12              “(2) training programs for lenders in order to  
13       enable them to better meet the credit needs of  
14       microentrepreneurs; and

15              “(3) training programs for microentrepreneurs  
16       in order to enable them to make better use of credit  
17       and to better manage their enterprises.

18       “(c) ELIGIBILITY CRITERIA.—The Administrator of  
19       the United States Agency for International Development  
20       shall establish criteria for determining which entities de-  
21       scribed in subsection (b) are eligible to carry out activities,  
22       with respect to micro- and small enterprises, assisted  
23       under this section. Such criteria may include the following:

1           “(1) The extent to which the recipients of credit  
2 from the entity do not have access to the local for-  
3 mal financial sector.

4           “(2) The extent to which the recipients of credit  
5 from the entity are among the poorest people in the  
6 country.

7           “(3) The extent to which the entity is oriented  
8 toward working directly with poor women.

9           “(4) The extent to which the entity recovers its  
10 cost of lending to the poor.

11           “(5) The extent to which the entity implements  
12 a plan to become financially sustainable.

13           “(d) ADDITIONAL REQUIREMENT.—Assistance pro-  
14 vided under this section may only be used to support  
15 micro- and small enterprise programs and may not be used  
16 to support programs not directly related to the purposes  
17 described in subsection (b).

18           “(e) AUTHORIZATION OF APPROPRIATIONS.—

19           “(1) IN GENERAL.—(A) There are authorized  
20 to be appropriated \$1,500,000 for each of the fiscal  
21 years 2000 and 2001 to carry out this section.

22           “(B) Amounts authorized to be appropriated  
23 under subparagraph (A) shall be made available for  
24 the subsidy cost, as defined in section 502(5) of the

1 Federal Credit Reform Act of 1990, for activities  
2 under this section.

3 “(2) ADMINISTRATIVE EXPENSES.—There are  
4 authorized to be appropriated \$500,000 for each of  
5 the fiscal years 2000 and 2001 for the cost of  
6 administrative expenses in carrying out this section.

7 “(3) RULE OF CONSTRUCTION.—Amounts au-  
8 thorized to be appropriated under this subsection are  
9 in addition to amounts otherwise available to carry  
10 out this section.”.

11 **SEC. 6. MICROFINANCE LOAN FACILITY.**

12 Chapter 1 of part I of the Foreign Assistance Act  
13 of 1961 (22 U.S.C. 2151 et seq.), as amended by this Act,  
14 is further amended by adding the following new section:

15 **“SEC. 132. UNITED STATES MICROFINANCE LOAN FACILITY.**

16 “(a) ESTABLISHMENT.—The Administrator of the  
17 United States Agency for International Development is  
18 authorized to establish a United States Microfinance Loan  
19 Facility (hereinafter in this section referred to as the ‘Fa-  
20 cility’) to pool and manage the risk from natural disasters,  
21 war or civil conflict, national financial crisis, or short-term  
22 financial movements that threaten the long-term develop-  
23 ment of United States-supported microfinance institu-  
24 tions.

1       “(b) SUPERVISORY BOARD OF THE FACILITY.—(1)  
2 The Facility shall be supervised by a board composed of  
3 the following representatives appointed by the President  
4 not later than 180 days after the date of the enactment  
5 of Microenterprise for Self-Reliance Act of 1999:

6           “(A) one representative from the Department of  
7 the Treasury.

8           “(B) one representative from the Department  
9 of State.

10          “(C) one representative from the United States  
11 Agency for International Development.

12          “(D)(i) two United States citizens from United  
13 States nongovernmental organizations that operate  
14 United States-sponsored microfinance activities.

15          “(ii) Individuals described in clause (i) shall be  
16 appointed for a term of 2 years.

17       “(2) The Administrator of the United States Agency  
18 for International Development or his designee shall serve  
19 as Chairman and an additional voting member of the  
20 board.

21       “(c) DISBURSEMENTS.—(1) The board shall make  
22 disbursements from the Facility to United States-spon-  
23 sored microfinance institutions to prevent the bankruptcy  
24 of such institutions caused by: (A) natural disasters, (B)  
25 national wars or civil conflict, or (C) national financial cri-

1 sis or other short term financial movements that threaten  
2 the long-term development of United States-supported  
3 microfinance institutions. Such disbursements shall be  
4 made as concessional loans that are repaid maintaining  
5 the real value of the loan to microfinance institutions that  
6 demonstrate the capacity to resume self-sustained oper-  
7 ations within a reasonable time period. The Facility shall  
8 provide for loan losses with each loan disbursed.

9 “(2) During each of the fiscal years 2001 and 2002,  
10 funds may not be made available from the Facility until  
11 15 days after notification of the availability has been pro-  
12 vided to the congressional committees specified in section  
13 634A of this Act in accordance with the procedures appli-  
14 cable to reprogramming notifications under that section.

15 “(d) GENERAL PROVISIONS.—

16 “(1) POLICY PROVISIONS.—In providing the  
17 credit assistance authorized by this section, the  
18 board should apply, as appropriate, the policy provi-  
19 sions in this part applicable to development assist-  
20 ance activities.

21 “(2) DEFAULT AND PROCUREMENT PROVI-  
22 SIONS.—

23 “(A) DEFAULT PROVISION.—The provi-  
24 sions of section 620(q) of this Act, or any com-  
25 parable provisions of law, shall not be construed

1 to prohibit assistance to a country in the event  
2 that a private sector recipient of assistance fur-  
3 nished under this section is in default in its  
4 payment to the United States for the period  
5 specified in such section.

6 “(B) PROCUREMENT PROVISION.—Assist-  
7 ance may be provided under this section with-  
8 out regard to section 604(a) of this Act.

9 “(3) TERMS AND CONDITIONS OF CREDIT AS-  
10 SISTANCE.—(A) Credit assistance provided under  
11 this section shall be offered on such terms and con-  
12 ditions, including fees charged, as the board may de-  
13 termine.

14 “(B) The principal amount of loans made or  
15 guaranteed under this section in any fiscal year,  
16 with respect to any single borrower, may not exceed  
17 \$30,000,000.

18 “(C) No payment may be made under any  
19 guarantee issued under this section for any loss aris-  
20 ing out of fraud or misrepresentation for which the  
21 party seeking payment is responsible.

22 “(4) FULL FAITH AND CREDIT.—All guarantees  
23 issued under this section shall constitute obligations,  
24 in accordance with the terms of such guarantees, of  
25 the United States of America and the full faith and

1 credit of the United States of America is hereby  
2 pledged for the full payment and performance of  
3 such obligations to the extent of the guarantee.

4 “(e) REPORT.—Not later than 60 days after the date  
5 on which the last representative to the board is appointed  
6 pursuant to subsection (b), the chairman of the board  
7 shall prepare and submit to the appropriate congressional  
8 committees a report on the policies, rules, and regulations  
9 of the Facility.

10 “(f) FUNDING.—(1)(A) Of the amounts made avail-  
11 able to carry out this part for each of the fiscal years 2000  
12 and 2001, up to \$5,000,000 may be made available for—

13 “(i) the subsidy cost, as defined in section  
14 502(5) of the Federal Credit Reform Act of 1990,  
15 to carry out this section; and

16 “(ii) subject to subparagraph (B), the cost of  
17 administrative expenses to carry out this section.

18 “(B) Of the amount made available under subpara-  
19 graph (A) to carry out this section for a fiscal year, not  
20 more than \$500,000 may be made available for adminis-  
21 trative expenses under subparagraph (A)(ii).

22 “(2) Amounts made available under paragraph (1)  
23 are in addition to amounts available under any other pro-  
24 vision of law to carry out this section.

25 “(g) DEFINITIONS.—In this section:

1           “(1) APPROPRIATE CONGRESSIONAL COMMIT-  
2       TEES.—The term ‘appropriate congressional com-  
3       mittees’ means the Committee on International Re-  
4       lations of the House of Representatives and the  
5       Committee on Foreign Relations of the Senate.

6           “(2) UNITED STATES-SUPPORTED MICRO-  
7       FINANCE INSTITUTION.—The term ‘United States-  
8       supported microfinance institution’ means a finan-  
9       cial intermediary that has received funds made avail-  
10      able under this Act for fiscal year 1980 or any sub-  
11      sequent fiscal year.”.

12   **SEC. 7. REPORT RELATING TO FUTURE DEVELOPMENT OF**  
13                           **MICROFINANCE INSTITUTIONS.**

14       (a) REPORT.—Not later than 180 days after the date  
15      of the enactment of this Act, the President, in consultation  
16      with the Administrator of the United States Agency for  
17      International Development, the Secretary of State, and  
18      the Secretary of the Treasury, shall prepare and transmit  
19      to the appropriate congressional committees a report on  
20      the most cost-effective methods for increasing the access  
21      of poor people to credit, other financial services, and re-  
22      lated training.

23       (b) CONTENTS.—The report described in subsection  
24      (a)—

1           (1) should include how the President, in con-  
2           sultation with the Administrator of the United  
3           States Agency for International Development, the  
4           Secretary of State, and the Secretary of the Treas-  
5           ury, will jointly develop a comprehensive strategy for  
6           advancing the global microenterprise sector in a way  
7           that maintains market principles while assuring that  
8           the very poor, particularly women, obtain access to  
9           financial services; and

10          (2) shall provide guidelines and recommenda-  
11          tions for—

12                 (A) instruments to assist microenterprise  
13                 networks to develop multi-country and regional  
14                 microlending programs;

15                 (B) technical assistance to foreign govern-  
16                 ments, foreign central banks and regulatory en-  
17                 tities to improve the policy environment for  
18                 microfinance institutions, and to strengthen the  
19                 capacity of supervisory bodies to supervise  
20                 microcredit institutions;

21                 (C) the potential for federal chartering of  
22                 United States-based international microfinance  
23                 network institutions, including proposed legisla-  
24                 tion;

1 (D) instruments to increase investor con-  
2 fidence in microcredit institutions which would  
3 strengthen the long-term financial position of  
4 the microcredit institutions and attract capital  
5 from private sector entities and individuals,  
6 such as a rating system for microcredit institu-  
7 tions and local credit bureaus;

8 (E) an agenda for integrating microfinance  
9 into United States foreign policy initiatives  
10 seeking to develop and strengthen the global fi-  
11 nance sector; and

12 (F) innovative instruments to attract funds  
13 from the capital markets, such as instruments  
14 for leveraging funds from the local commercial  
15 banking sector, and the securitization of  
16 microloan portfolios.

17 (c) APPROPRIATE CONGRESSIONAL COMMITTEES DE-  
18 FINED.—In this section, the term “appropriate congres-  
19 sional committees” means the Committee on International  
20 Relations of the House of Representatives and the Com-  
21 mittee on Foreign Relations of the Senate.

1 **SEC. 8. UNITED STATES AGENCY FOR INTERNATIONAL DE-**  
2 **VELOPMENT AS GLOBAL LEADER AND COOR-**  
3 **DINATOR OF BILATERAL AND MULTILATERAL**  
4 **MICROENTERPRISE ASSISTANCE ACTIVITIES.**

5 (a) **FINDINGS AND POLICY.**—The Congress finds and  
6 declares that—

7 (1) the United States can provide leadership to  
8 other bilateral and multilateral development agencies  
9 as such agencies expand their support to the micro-  
10 enterprise sector; and

11 (2) the United States should seek to improve  
12 coordination among G-7 countries in the support of  
13 the microenterprise sector in order to leverage the  
14 investment of the United States with that of other  
15 donor nations.

16 (b) **SENSE OF THE CONGRESS.**—It is the sense of  
17 the Congress that—

18 (1) the Administrator of the United States  
19 Agency for International Development and the Sec-  
20 retary of State should seek to support and strength-  
21 en the effectiveness of microfinance activities in  
22 United Nations agencies, such as the International  
23 Fund for Agricultural Development (IFAD) and the  
24 United Nations Development Program (UNDP),  
25 which have provided key leadership in developing the  
26 microenterprise sector; and

1           (2) the Secretary of the Treasury should in-  
2           struct each United States Executive Director of the  
3           Multilateral Development Banks (MDBs) to advo-  
4           cate the development of a coherent and coordinated  
5           strategy to support the microenterprise sector and  
6           an increase of multilateral resource flows for the  
7           purposes of building microenterprise retail and  
8           wholesale intermediaries.

Passed the House of Representatives April 13, 1999.

Attest:

JEFF TRANDAHL,

*Clerk.*



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