

107TH CONGRESS
2D SESSION

S. 3032

To amend the Microenterprise for Self-Reliance Act of 2000 and the Foreign Assistance Act of 1961 to increase assistance for the poorest people in developing countries under microenterprise assistance programs under those Acts, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 2, 2002

Mr. SARBANES (for himself, Mr. DEWINE, Mrs. CLINTON, Mr. DODD, and Mr. KERRY) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To amend the Microenterprise for Self-Reliance Act of 2000 and the Foreign Assistance Act of 1961 to increase assistance for the poorest people in developing countries under microenterprise assistance programs under those Acts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,*

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

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

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

6 (3) in paragraph (5)—

7 (A) by striking “microfinance policy” and
8 inserting “microenterprise policy”;

11 (C) by striking the period at the end and
12 inserting “; and”; and

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

14 “(6) to ensure that in the implementation of
15 this title at least 50 percent of all microenterprise
16 assistance under this title, and the amendments
17 made under this title, shall be targeted to the very
18 poor.”.

19 (b) DEFINITIONS.—Section 104 of such Act is
20 amended—

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

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

3 “(A) living in the bottom 50 percent below
4 the poverty line established by the national gov-
5 ernment of the country in which those individ-
6 uals live; or

7 “(B) living on the equivalent of less than
8 \$1 per day.”.

9 **SEC. 2. AMENDMENTS TO THE MICRO- AND SMALL ENTER-**

10 **PRISE DEVELOPMENT CREDITS PROGRAM**
11 **UNDER THE FOREIGN ASSISTANCE ACT OF**
12 **1961.**

13 (a) FINDINGS AND POLICY.—Section 108(a)(2) of
14 the Foreign Assistance Act of 1961 (22 U.S.C.
15 2151f(a)(2)) is amended by striking “the development of
16 the enterprises of the poor” and inserting “the access to
17 financial services and the development of microenter-
18 prises”.

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

21 “(b) PROGRAM.—To carry out the policy set forth in
22 subsection (a), the President is authorized to provide as-
23 sistance to increase the availability of financial services to
24 microenterprise households lacking full access to credit,
25 including through—

1 “(1) loans and guarantees to microfinance institu-
2 tions for the purpose of expanding the availability
3 of savings and credit to poor and low-income house-
4 holds;

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

8 “(3) training programs for clients in order to
9 enable them to make better use of credit, increase
10 their financial literacy, and to better manage their
11 enterprises to improve their quality of life.”.

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

14 (1) in the first sentence of the matter preceding
15 paragraph (1)—

16 (A) by striking “credit institutions” and
17 inserting “microfinance institutions”; and

18 (B) by striking “micro- and small enter-
19 prises” and inserting “microenterprise house-
20 holds”; and

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

24 (d) ADDITIONAL REQUIREMENT.—Section 108(d) of
25 such Act (22 U.S.C. 2151f(d)) is amended by striking

1 “micro- and small enterprise programs” and inserting
2 “programs for microenterprise households”.

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

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

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

11 **SEC. 3. AMENDMENTS TO THE MICROENTERPRISE DEVEL-**
12 **OPMENT GRANT ASSISTANCE PROGRAM**
13 **UNDER THE FOREIGN ASSISTANCE ACT OF**
14 **1961.**

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

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

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

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

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

10 “(4) given the relatively high percentage of pop-
11 ulations living in rural areas of developing countries,
12 and the combined high incidence of poverty in rural
13 areas and growing income inequality between rural
14 and urban markets, microenterprise programs
15 should target both rural and urban poor.”.

16 (b) AUTHORIZATION.—Section 131(b) of such Act
17 (22 U.S.C. 2152a(b)) is amended—

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

20 (2) in paragraph (4)(D)—

21 (A) in clause (i), by striking “very small
22 loans” and inserting “financial services to poor
23 entrepreneurs”; and

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

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

4 “(4) adopts the widespread use of proven and
5 effective poverty assessment tools to successfully
6 identify the very poor and ensure that they receive
7 needed microenterprise loans, savings, and assist-
8 ance.”.

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

12 (1) by redesignating subsections (d) and (e) as
13 subsections (e) and (f), respectively; and
14 (2) by inserting after subsection (c) the fol-
15 lowing:

16 “(d) DEVELOPMENT AND CERTIFICATION OF POV-
17 ERTY MEASUREMENT METHODS; APPLICATION OF METH-
18 ODS.—

19 “(1) DEVELOPMENT AND CERTIFICATION.—(A)
20 The Administrator of the United States Agency for
21 International Development, in consultation with
22 microenterprise institutions and other appropriate
23 organizations, shall develop no fewer than two low-
24 cost methods for partner institutions to use to assess
25 the poverty levels of their current or prospective cli-

1 ents. The United States Agency for International
2 Development shall develop poverty indicators that
3 correlate with the circumstances of the very poor.

4 “(B) The Administrator shall field-test the
5 methods developed under subparagraph (A). As part
6 of the testing, institutions and programs may use
7 the methods on a voluntary basis to demonstrate
8 their ability to reach the very poor.

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

17 “(2) APPLICATION.—The Administrator shall
18 require that, with reasonable exceptions, all organi-
19 zations applying for microenterprise assistance
20 under this Act use one of the certified methods, be-
21 ginning no later than October 1, 2005, to determine
22 and report the poverty levels of current or prospec-
23 tive clients.”.

24 (e) LEVEL OF ASSISTANCE.—Section 131(e) of such
25 Act, as redesignated by subsection (d), is amended by in-

1 serting “and \$175,000,000 for fiscal year 2003 and
2 \$200,000,000 for fiscal year 2004” after “fiscal years
3 2001 and 2002”.

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

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

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

13 “(B) living on less than the equivalent of
14 \$1 per day.”.

15 **SEC. 4. REPORT TO CONGRESS.**

16 (a) IN GENERAL.—Not later than September 30,
17 2005, the Administrator of the United States Agency for
18 International Development shall submit to Congress a re-
19 port that documents the process of developing and apply-
20 ing poverty assessment procedures with its partners.

21 (b) REPORTS FOR FISCAL YEAR 2006 AND BE-
22 YOND.—Beginning with fiscal year 2006, the Adminis-
23 trator of the United States Agency for International De-
24 velopment shall annually submit to Congress on a timely
25 basis a report that addresses the United States Agency

1 for International Development's compliance with the
2 Microenterprise for Self-Reliance Act of 2000 by
3 documenting—

4 (1) the percentage of its resources that were al-
5 located to the very poor (as defined in paragraph (5)
6 of section 131(f) of the Foreign Assistance Act of
7 1961 (22 U.S.C. 2152a(f)(5))) based on the data
8 collected from its partners using the certified meth-
9 ods; and

10 (2) the absolute number of the very poor
11 reached.

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