

111TH CONGRESS
1ST SESSION

H. R. 1987

To amend the Foreign Assistance Act of 1961 to provide funding for capacity-building to microfinance service providers.

IN THE HOUSE OF REPRESENTATIVES

APRIL 21, 2009

Mr. BOOZMAN (for himself and Mr. MEEKS of New York) introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To amend the Foreign Assistance Act of 1961 to provide funding for capacity-building to microfinance service providers.

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 “Microfinance Capacity-
5 Building Act of 2009”.

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

7 Congress finds and declares the following:

8 (1) Microfinance is considered one of the great
9 success stories of United States foreign aid because
10 of its ability to reach the poor, especially women,

1 with programs that have a high impact and are
2 highly sustainable.

3 (2) Studies conducted in India, Kenya, and the
4 Philippines found average annual returns on micro-
5 business investments ranging from 177 to 847 per-
6 cent, demonstrating the enormous capacity the poor
7 have to work and save their way out of poverty.

8 (3) An estimated 113,000,000 clients are cur-
9 rently being served with microcredit, and the Micro-
10 credit Summit Campaign has set a goal of reaching
11 175,000,000 of the world's poorest families by 2015.

12 (4) The lack of human capital is widely recog-
13 nized as the single greatest constraint to the growth
14 of leading microfinance networks and other practi-
15 tioners providing direct financial services to the
16 poor.

17 (5) According to some industry estimates, in
18 order to meet the anticipated demand for micro-
19 finance, the industry will have to hire 1,600,000 new
20 loan officers in Africa, Asia, Latin America, and the
21 Near East, assuming a loan officer to client ratio of
22 1 to 300.

23 (6) Conservative estimates state that
24 \$2,000,000,000 in private investment capital is cur-
25 rently being leveraged for microfinance. Substan-

1 tially more could be mobilized and invested in some
2 of the world's poorest countries but remains un-
3 tapped due to the lack of institutional capacity and
4 qualified leaders.

5 (7) The lack of human capacity is particularly
6 severe in sub-Saharan Africa due to the relative im-
7 maturity of the microfinance industry, a small pool
8 of trained and certified bankers and finance experts,
9 and the prevalence of HIV/AIDS.

10 **SEC. 3. SENSE OF CONGRESS.**

11 It is the sense of Congress that the microfinance ca-
12 pacity-building activities supported by subsection (d) of
13 section 252 of the Foreign Assistance Act of 1961 (22
14 U.S.C. 2211a), as added by section 4 of this Act, is in-
15 tended to drive innovation and provide comprehensive so-
16 lutions that address the lack of human capital in devel-
17 oping countries, particularly in sub-Saharan Africa. Such
18 activities should provide a regional and sub-regional ap-
19 proach to maximizing economies of scale and should focus
20 predominately on educating and training African nationals
21 in order to build capacity in the microfinance industry in
22 developing countries, particularly in sub-Saharan African
23 countries.

1 **SEC. 4. CAPACITY-BUILDING FOR MICROFINANCE SERVICE**
2 **PROVIDERS.**

3 (a) IN GENERAL.—Section 252 of the Foreign Assist-
4 ance Act of 1961 (22 U.S.C. 2211a) is amended by adding
5 at the end the following:

6 “(d) CAPACITY-BUILDING FOR MICROFINANCE SERV-
7 ICE PROVIDERS.—

8 “(1) AUTHORIZATION.—In carrying out the
9 programs authorized under subsection (a), the Ad-
10 ministrator shall establish a grant program to pro-
11 vide assistance on a non-reimbursable basis to pri-
12 vate, non-profit networks of microfinance institu-
13 tions that provide direct financial services, which
14 may include credit of all types, savings, insurance,
15 remittances and cash transfers, to the poor and very
16 poor in developing countries.

17 “(2) ACTIVITIES SUPPORTED.—Assistance pro-
18 vided under paragraph (1) shall, to the maximum
19 extent practicable, be used to carry out traditional
20 and nontraditional education and training for indi-
21 viduals working in the microfinance industry in de-
22 veloping countries, particularly in sub-Saharan Afri-
23 can countries. Such education and training may in-
24 clude curriculum development, distance learning, job
25 shadowing, mentoring, training of trainers, scholar-
26 ships for undergraduate and graduate courses, and

1 purchasing and leasing equipment, including soft-
2 ware and other technology, to support activities—

3 “(A) to improve the effectiveness of insti-
4 tutional governance structures and quality of
5 senior management, including directors, chief
6 executive officers, chief operating officers, chief
7 financial officers, and other senior staff;

8 “(B) to strengthen the knowledge and abil-
9 ity of senior and middle managers to establish
10 and implement effective financial and non-
11 financial services, including the development
12 and implementation of products and services,
13 risk management, human resources, accounting,
14 process analysis and auditing systems;

15 “(C) to improve the technical knowledge
16 and ability of microfinance employees, which
17 may include branch managers, loan officer su-
18 pervisors, loan officers, tellers, insurance
19 agents, and other field staff, regarding delivery
20 of financial services to clients;

21 “(D) to improve the collection and trans-
22 mission of training, procedures, and best prac-
23 tices among financial institutions and employ-
24 ees; and

1 “(E) to identify new staff and ensure the
2 recruitment and retention of trained staff mem-
3 bers through the development of incentive pro-
4 grams and educational components.

5 “(3) ELIGIBILITY.—To be eligible for assistance
6 under paragraph (1), a network of microfinance in-
7 stitutions described in paragraph (1) shall—

8 “(A) deliver direct financial services to the
9 poor and very poor in at least five developing
10 countries through a network of local micro-
11 finance institutions that are owned or formally
12 affiliated and accredited by the network in ac-
13 cordance with its financial and social perform-
14 ance standards;

15 “(B) operate as a private nonprofit organi-
16 zation; and

17 “(C) agree to match, in cash contributions
18 from non-Federal sources and on a 2 dollar-to-
19 1 dollar basis, the amount of the grant provided
20 to the network under paragraph (1).

21 “(4) CONSIDERATIONS.—In making a deter-
22 mination to provide assistance under paragraph (1),
23 the Administrator shall ensure that participating
24 networks of microfinance institutions include—

1 “(A) not less than 50 percent women in
2 the activities supported under this subsection;
3 and

4 “(B) 100 percent individuals from devel-
5 oping countries in the activities supported
6 under this subsection.

7 “(5) PREFERENCE.—In making a determina-
8 tion to provide assistance under paragraph (1), the
9 Administrator shall give preference to networks of
10 microfinance institutions that promote the inclusion
11 of women in senior management positions.

12 “(6) REPORTING AND EVALUATION.—(A) The
13 Administrator, acting through the Director, shall es-
14 tablish a reporting and evaluation system to assess
15 the effectiveness of recipient microfinance institu-
16 tions in carrying out activities under paragraph (2).

17 “(B) A recipient microfinance institution shall
18 report on the number of (i) individuals educated and
19 trained, (ii) certificates awarded, (iii) university
20 credit units awarded, (iv) degrees awarded, and (v)
21 education and training curriculum units created.

22 “(C) Data reported by recipient microfinance
23 institutions under clauses (i) through (iv) of sub-
24 paragraph (B) shall be disaggregated by sex, coun-

1 try of origin, country of employment, and job title
 2 or position held.

3 “(7) AUTHORIZATION OF APPROPRIATIONS.—

4 “(A) IN GENERAL.—To carry out this sub-
 5 section, there are authorized to be appro-
 6 priated—

7 “(i) \$6,000,000 for fiscal year 2010;

8 “(ii) \$12,000,000 for fiscal year 2011;

9 “(iii) \$15,000,000 for fiscal year
 10 2012;

11 “(iv) \$12,000,000 for fiscal year
 12 2013; and

13 “(v) \$5,000,000 for fiscal year 2014.

14 “(B) MINIMUM ALLOCATION.—Not less
 15 than 60 percent of the funds appropriated pur-
 16 suant to the authorization of appropriations
 17 under subparagraph (A) for a fiscal year shall
 18 be used to support capacity-building activities
 19 in sub-Saharan Africa.”.

20 (b) CONFORMING AMENDMENT.—Such section is fur-
 21 ther amended in the heading by adding at the end before
 22 the period the following: “; **CAPACITY-BUILDING FOR**
 23 **MICROFINANCE SERVICE PROVIDERS IN SUB-SAHA-**
 24 **RAN AFRICA”.**

○