

MICROENTERPRISE FOR SELF-RELIANCE ACT OF 2000 AND FOREIGN ASSISTANCE ACT OF 1961 AMENDMENTS ACT

Mr. SMITH of New Jersey. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4073) 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, as amended.

The Clerk read as follows:

H.R. 4073

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

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

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

(1) in paragraph (3), by striking “micro-entrepreneurs” and inserting “microenterprise households”;

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

(3) in paragraph (5)—

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

(B) by striking “the poorest of the poor” and inserting “the very poor”;

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

(4) by adding at the end the following:

“(6) to encourage the United States Agency for International Development to develop, assess, and implement effective outreach methods and tools to ensure that all microenterprise assistance authorized under this title, and the amendments made by this title, is used to assist the greatest absolute number of economically viable clients among the very poor, and that at least 50 percent of all microenterprise assistance authorized under this title, and the amendments made under this title, is used in support of programs or lines of service that target the very poor.”.

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

(1) in paragraph (2), by striking “for micro-entrepreneurs” and inserting “to micro-entrepreneurs and their households”;

(2) by adding at the end the following:

“(5) VERY POOR; POOREST PEOPLE IN DEVELOPING COUNTRIES.—The terms ‘very poor’ and ‘poorest people in developing countries’ mean those persons living either in the bottom 50 percent below the poverty line as established by the national government of the country or on less than the equivalent of \$1 per day.”.

SEC. 2. AMENDMENTS TO THE MICRO- AND SMALL ENTERPRISE DEVELOPMENT CREDITS PROGRAM UNDER THE FOREIGN ASSISTANCE ACT OF 1961.

(a) FINDINGS AND POLICY.—Section 108(a)(2) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151f(a)(2)) is amended by striking “the development of the enterprises of the poor” and inserting “the access to financial services and the development of microenterprises”.

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

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

“(1) loans and guarantees to microfinance institutions for the purpose of expanding the availability of savings and credit to poor and low-income households;

“(2) training programs for microfinance institutions in order to enable them to better meet the financial services needs of their clients; and

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

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

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

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

(B) by striking “micro- and small enterprises” and inserting “microenterprise households”;

(2) in paragraphs (1) and (2), by striking “credit” each place it appears and inserting “financial services”.

(d) ADDITIONAL REQUIREMENT.—Section 108(d) of such Act (22 U.S.C. 2151f(d)) is amended by striking “micro- and small enterprise programs” and inserting “programs for microenterprise households”.

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

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

“SEC. 108. MICROENTERPRISE DEVELOPMENT CREDITS.”.

SEC. 3. AMENDMENTS TO THE MICROENTERPRISE DEVELOPMENT GRANT ASSISTANCE PROGRAM UNDER THE FOREIGN ASSISTANCE ACT OF 1961.

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

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

“(1) access to financial services and the development of microenterprise are vital factors in the stable growth of developing countries and in the development of free, open, and equitable international economic systems;

“(2) it is therefore in the best interest of the United States to facilitate access to financial services and assist the development of microenterprise in developing countries;

“(3) access to financial services and the development of microenterprises can be supported by programs providing credit, savings, training, technical assistance, business development services, and other financial and non-financial services; and

“(4) given the relatively high percentage of populations living in rural areas of developing countries, and the combined high incidence of poverty in rural areas and growing income inequality between rural and urban markets, microenterprise programs should target both rural and urban poor.”.

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

(1) in paragraph (3)—

(A) in the first sentence of the matter preceding subparagraph (A), by striking “targeted to very poor entrepreneurs” and all that follows and inserting “used in support of programs or lines of service under which 50 percent or more of the income or prospective clients are initially very poor.”;

(B) in subparagraph (A)(i), by striking “entrepreneurs” and inserting “clients”; and

(2) in paragraph (4)(D)—

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

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

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

“(4) adopts the widespread use of proven and effective poverty assessment tools to successfully identify the very poor and ensure that they receive needed microenterprise credits, loans, and assistance.”.

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

(1) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively; and

(2) by inserting after subsection (c) the following:

“(d) DEVELOPMENT AND CERTIFICATION OF POVERTY MEASUREMENT METHODS; APPLICATION OF METHODS.—

“(1) DEVELOPMENT AND CERTIFICATION.—(A) The Administrator of the United States Agency for International Development, in consultation with appropriate microfinance institutions, microenterprise institutions, and other appropriate entities shall develop no fewer than two low-cost methods for measuring the poverty levels of the current or prospective clients of microenterprise organizations for purposes of assistance under this section. In developing such methods, the Administrator shall give consideration to methods already in use by practitioner institutions.

“(B) The Administrator shall field-test the methods developed under this paragraph, and as part of the testing, institutions and programs may use these methods on a voluntary basis to demonstrate their ability to reach the very poor.

“(C) Not later than October 1, 2004, the Administrator shall, from among the low-cost poverty measurement methods developed under this paragraph, certify no fewer than two of such methods as approved methods for measuring the poverty levels of the current or prospective clients of microenterprise organizations for purposes of assistance under this section.

“(2) APPLICATION.—Beginning on and after October 1, 2004, assistance furnished under this section to a program or to a line of service within an institution shall qualify, in whole or in part, as targeted assistance to the very poor if one or more of the measurement methods approved under paragraph (1), or one or more of the measurement methods approved in accordance with paragraph (1) after October 1, 2004, verifies that at least 50 percent of the income or prospective clients of the program or line of service are initially among the very poor.”.

(e) LEVEL OF ASSISTANCE.—Section 131(e) of such Act, as redesignated by subsection (d), is amended by inserting “and \$175,000,000 for fiscal year 2003 and \$200,000,000 for fiscal year 2004” after “fiscal years 2001 and 2002”.

(f) DEFINITIONS.—Section 131(f) of such Act, as redesignated by subsection (d), is amended by adding at the end the following:

“(5) VERY POOR; POOREST PEOPLE IN DEVELOPING COUNTRIES.—The terms ‘very poor’ and ‘poorest people in developing countries’ mean those persons living either in the bottom 50 percent below the poverty line as established by the national government of the country or on less than the equivalent of \$1 per day.”.

SEC. 4. REPORT TO CONGRESS.

Not later than July 1, 2004, the Administrator of the United States Agency for International Development shall submit to Congress a report that contains—

(1) a description of the interim poverty measurement methods developed and implemented pursuant to section 131(d)(1) of the Foreign Assistance Act of 1961, as added by section 3(d);

(2) an analysis of the results of the application of such interim poverty measurement methods to sustainable poverty-focused programs under such section; and

(3) a description of the proposed final poverty measurement methods to be implemented beginning on October 1, 2004, in accordance with section 131(d)(2) of such Act, as added by section 3(d).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. SMITH) and the gentleman from Indiana (Mr. ROEMER) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. SMITH).

GENERAL LEAVE

Mr. SMITH of New Jersey. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on H.R. 4073, the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SMITH of New Jersey. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise to present H.R. 4073, the Microenterprise Enhancement Act of 2002, to the House. This important anti-poverty legislation reforms, enhances, and expands microenterprise programs throughout the world and authorizes \$375 million over 2 years for this incredible initiative.

I would like to thank the gentleman from Illinois (Mr. HYDE) for his very strong and steadfast support of this legislation and commend him for the great leadership that he has shown on so many foreign policy and humanitarian issues, especially since September 11.

I would also like to thank my good friend and colleague, the gentleman from Indiana (Mr. ROEMER), our leading Democratic cosponsor, whose tremendous efforts greatly influenced and helped shape this important piece of legislation. This has been a great team effort, and again I want to thank him for his extraordinary work and leadership.

The support of both the gentleman from California (Mr. LANTOS), our committee's ranking member, and the gentleman from New York (Mr. GILMAN), the chairman emeritus, have also been important. I would also like to thank the gentleman from New Jersey (Mr. PAYNE) and the gentleman from New York (Mr. HOUGHTON), and the nearly 80 other cosponsors for their support of this endeavor.

Mr. Speaker, the impact of microenterprise on entrepreneurs and borrowers in the developing world cannot be estimated and overstated. Over 2 million clients are currently benefiting from AID-assisted programs, and since its inception, millions more have been empowered by microenterprise services.

Like many of my colleagues, and like I think Members of the other body, I

have been at times critical of some of our Nation's foreign aid programs, because some of the money never really ends up reaching the people that that money is intended to reach. One of the reasons I am so enthusiastic about microenterprise programs is because they are fundamentally different than traditional foreign aid programs. They are based on a bottom-up, grass roots approach rather than a top-down model.

Microenterprise programs have demonstrated very impressive results. An estimated 97 percent of the loans are actually repaid. Contrast that to some of our own domestic lending programs, and the difference is rather stark.

Studies on the effects of microenterprise programs find they promote higher household income and increased family well-being, including improved nutrition and education among children.

□ 1415

In the past 2 fiscal years, we have spent \$155 million, which has been authorized by Congress for microfinance. I am proud to say that this legislation we are considering today will expand that to \$175 million for fiscal year 2003, and \$200 million for fiscal year 2004. Our legislation will also ensure that more funds go to the poorest of the poor, or as we now define it, the very poor, including those living on less than \$1 a day.

Although previous legislation has stipulated that 50 percent of the funds will go to the poorest of the poor, efforts to target funding to the neediest persons has been insufficient because AID essentially uses only a single measurement tool to evaluate its poverty outreach efforts, and that is to say, average loan size.

With currency values varying from country to country, and loan size dependent on the type of business a person is attempting to start, this has not been a sufficient measure, has not been an accurate barometer of poverty.

Mr. Speaker, H.R. 4073, as amended, would require AID to devise new, more meaningful poverty-assessment tools and give consideration to low-cost, easy-to-implement tools already in use by the microfinance institutions. Moreover, AID will have a deadline of October 1, 2004, to certify and utilize at least two additional poverty-assessment techniques that can better evaluate who the poorest actually are and ensure that they receive their fair share of the funds provided under this act.

A main reason for the success of the microenterprise programs is that the assistance goes directly to those who need our help. It provides vital capital for small business owners to strive and achieve their dreams. It helps build sound financial institutions on the grassroots level that foster self-sufficiency. A loan of several hundred dollars or less, which by our standards might be considered quite small, is

often a substantial portion of a person's yearly earnings in the developing world. Such a loan can help an entrepreneur businessman or businesswoman increase their profits manyfold, making a better life for themselves and their families for many years to come.

Take the example of Baulia Parra Pruneda of Monterrey, Mexico, one of the many successful recipients of a microenterprise loan. When her husband lost his job in 1998, she was determined to support her six children. Even though she had never worked before and could not read or write, she taught herself to sew by following designs that she saw in magazines. A \$150 loan from a lending institution supported by ACCION, one of the leading microfinance institutions in the Americas, provided capital for her to purchase the necessary supplies to launch her endeavor into self-sufficiency. After building her small business through a series of microloans, she now sells over 100 items per week. The money she earns and continues to make not only provides food for her children, but has also enabled her to install a toilet and a shower, as well as a second floor in her home.

As inspiring as Braulia's story is, it is not unique. When given the opportunity and the seed capital to produce, people can turn their economic situation around in a dramatic way. The goal now is to build on past successes that have reached tens of thousands of people and apply lessons learned to devising a better program.

Mr. Speaker, it is worth noting that approximately 70 percent of microenterprise beneficiaries are women, so this initiative is key to reversing the feminization of poverty. I would note that later today, probably by early tomorrow, the report on trafficking will be issued pursuant to the trafficking legislation that we passed last year. I was the prime sponsor of that bill. We worked very hard in a bipartisan way. The gentleman from California (Mr. LANTOS) worked on it, and so many others, to ensure that we crack down on this terrible scourge called trafficking. But one of the core reasons why women can be preyed upon and trafficked into prostitution and other involuntary servitude has been poverty. They have been exploited because they are vulnerable.

This legislation is part of the effort to give women the opportunity to take care of themselves, as well as their families.

Mr. Speaker, let me say finally, the greatest antipoverty program will always be a job. This is all about job creation, one village at a time, one community at a time, one family at a time. It is a very important piece of legislation, it is bipartisan at the outset; and I hope all Members will support it.

Mr. Speaker, I reserve the balance of my time.

Mr. LANTOS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of this legislation, H.R. 4073, which amends and reauthorizes the Microenterprise for Self-Reliance Act of 2000 and the Foreign Assistance Act of 1961.

Mr. Speaker, this is a bipartisan compromise bill that truly improves upon the original legislation, and I want to thank the gentleman from New Jersey (Mr. SMITH) and the gentleman from Indiana (Mr. ROEMER) for their extraordinary efforts in crafting this legislation as well as recognizing the support of our colleagues, the gentleman from New Jersey (Mr. PAYNE) and the gentleman from New York (Mr. HOUGHTON). I also want to acknowledge the pioneering work on the microenterprise that was done by the former chairman and ranking member of the Committee on International Relations, the gentleman from New York (Mr. GILMAN) and Mr. GEJDENSEN, who introduced the Microenterprise for Self-Reliance Act of 2000, which was signed into law by President Clinton.

Microenterprise programs have proven to be an effective means of providing poor households with the financial tools needed to generate income, create savings, and develop businesses to help alleviate poverty. We have seen the transforming impact of these programs in every country and on every continent where development work is being done.

Microenterprise is founded on the very basic premise that by providing poor households with the tools to manage their finances better, be it through the provision of small loans or even the ability to open a savings account, we can help to improve their lives and even lift them out of poverty. This principle is illustrated so dramatically in Bangladesh by the Grameen Bank that has been so successfully replicated around the globe and provides an effective tool for poverty alleviation and reduction.

Therefore, I am very pleased that we are not only reauthorizing microenterprise legislation, but we are also increasing the amount of funding for these programs. Our legislation seeks to improve targeting of assistance to the poorest of the poor by requiring the administration to develop more precise tools to measure poverty, and it creates better means of reaching the very poor in every country where this program operates.

Specifically, our legislation ensures that at least half of all microenterprise funding authorized be specifically set aside for programs or services in which half of the incoming clients are among the very poor. I hope that by passing this legislation we will be providing the tools and the resources needed to continue this most important work. I urge all of my colleagues to support H.R. 4073.

Mr. Speaker, I reserve the balance of my time.

Mr. LANTOS. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana (Mr. ROEMER),

who has done so much work on this issue.

(Mr. ROEMER asked and was given permission to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, I want to say in the beginning of my remarks, the U2 rock star Bono sang "It's a Beautiful Day," and there is no better day in the House of Representatives when Democrats and Republicans can join together to successfully encourage a bipartisan bill which promotes free markets, which promotes entrepreneurship, which promotes economic aid that gains results, especially for women and poor in poor countries like Africa. I am very proud and very enthusiastic to stand on the floor today and hopefully see this legislation fly through the House of Representatives in a bipartisan vote later today.

Much thanks go to many members on the committees of oversight. I want to start there and thank the gentleman from New Jersey (Mr. SMITH), who has been a pleasure to work with on this issue, who has helped craft the legislation and worked towards successful passage of this legislation from his perch on the Committee on International Relations and built bipartisan support for it. It has been a pleasure to work with the gentleman, and I know that we have work to do yet with the appropriators to get money appropriated for this act.

I thank the gentleman from California (Mr. LANTOS), who has a lifetime of service toward these kinds of programs which benefit the truly poor people in the world. I thank the gentleman for his year-after-year fight for increases in these programs. I thank the gentleman from Illinois (Chairman HYDE) and the gentleman from New Jersey (Mr. PAYNE), the gentleman from New York (Mr. HOUGHTON), the gentleman from New York (Mr. GILMAN), and the gentleman from New Mexico (Mr. UDALL). I also thank the bipartisan staff members on the Democratic and Republican side, and my staff member, Jed D'Ercole for his help and support on this bill.

Last week, for those following this issue from Africa and in our press from the New York Times to our local papers, it was a curious mix of individuals touring Africa, our Secretary of Treasury, Paul O'Neill, with the rock star from U2, Mr. Bono. Everywhere the two of them went, Mr. Bono would say, "We need more resources. We must spend more money on the plight of the poor." As he saw the plight of the poor, especially in Africa, where in the world over a billion people live on less than a dollar a day, this moved him to devote 11 days off tour making money to try to devote resources to helping the poor. Everywhere he went, it was resources, resources, money. Everywhere the Secretary of Treasury went it was, "We have to have results. We must have efficiency. We have to see the practice really benefit the people."

Well, here we have it: H.R. 4073, where we say for a highly successful

program for microenterprise loans, loans for the poorest people driven primarily by women as the head of households, getting loans that they repay at 98 percent rates, that this kind of program can elevate people out of poverty and help not only women, not only their families but their children, and scores of people that live on less than a dollar a day.

Mr. Speaker, this bill says that when these programs are effective and these loans are repaid, we are going to devote more money to this successful program, and we ask for an increase from \$155 million to \$175 million in 2003 and up to \$200 million in 2004. I would hope that the appropriators would not only do that, that supporters like the gentleman from Arizona (Mr. KOLBE), the gentlewoman from New York (Mrs. LOWEY), the gentlewoman from California (Ms. PELOSI), and Senator LEAHEY will devote those resources in the upcoming appropriations cycle to what this bill allocates and authorizes.

Why do results plus new resources equal success? Well, the gentleman from New Jersey (Mr. SMITH) talked about an example in Mexico. I would like to talk about an example straight from Malawi, a woman by the name of Flora Matiasi. Flora Matiasi lives in Malawi in a one-room hut with six children. She struggled to feed these children, to clothe these children, to get her children an education. With the help of a small loan through this microenterprise program the United States government provides, she has been able to develop and sell oil cakes, doughnut-like confections that are called mandazis. She sells these on a regular basis. She sells them, saves the money, feeds her children; and she has been able to save \$540 which is 10 times her original loan to save to educate her children.

□ 1430

So for her original loan of maybe \$40 or \$50, we are not only helping her with a small job, an entrepreneurial job to sell these doughnut cakes, we are helping her six children, and if it keeps growing, she will employ an employee next year. This grows and grows and grows. It grows to the extent that we are hopeful that, we now serve through microenterprise loans about 32 million people, we want to grow that to 100 million people. We want to grow to 100 million people in the world that we serve through microenterprise loans that we can help and benefit and lift out of poverty.

The Wall Street Journal wrote an editorial that was lukewarm about Mr. Bono's and Mr. O'Neill's visit but it said, "Mr. O'Neill has been reminding everyone the only route to economic growth is private enterprise, free markets and the rule of law."

That is exactly what this is, private enterprise, entrepreneurship, loans that guarantee more loans that are repaid and generate more loans for children's education and help people buy

products eventually that we sell overseas in our markets. That is exactly what Mr. Bono and Mr. O'Neill are trying to do.

I am very happy to support this bill. I am very proud to have worked with the gentleman from New Jersey (Mr. SMITH) and the gentleman from Illinois (Mr. HYDE) and the gentleman from California (Mr. LANTOS) and others. I also want to thank Sam Daley Harris of RESULTS and Chris Dunford of Freedom from Hunger. I want to again thank my colleagues for their support and their bipartisan accomplishments here. I want to encourage successful appropriation for this bill in the future. If we are really going to have a beautiful day in the future, if we are really going to fight terrorism effectively in the future, it is going to take more than satellites and soldiers, it is going to take free trade and successful microenterprise loans for the poor.

Mr. SMITH of New Jersey. Mr. Speaker, I thank my good friend for his comments and his contribution to this legislation.

Mr. Speaker, I yield such time as she may consume to the distinguished gentlewoman from Maryland (Mrs. MORELLA).

Mrs. MORELLA. Mr. Speaker, first of all I want to thank the gentleman for yielding the time to me, and I particularly want to thank him for developing this legislation. I certainly rise in support of H.R. 4073, the Microenterprise for Self-Reliance Act and the Foreign Assistance Act Amendments. I also want to thank the gentleman from Indiana (Mr. ROEMER) who just made comments on it who has helped with the bill, Chairman HYDE, Ranking Member LANTOS, and the gentleman from New York (Mr. HOUGHTON) for all their support for this legislation.

Our foreign aid has never been more necessary than it is today in improving our relationships with developing countries. From Bangladesh to Guatemala, one of the most exciting strategies for fighting poverty in developing countries is the development of microenterprise projects. For poor women especially, the practice of extending very small loans and improving access to financial services has revolutionized the lives of so many impoverished people, and the way in which we think about poverty-focused development has also been revolutionized. Microenterprise is a method of making very small loans available to the world's poorest people. These loans are typically in amounts as low as \$100, but they enable individuals living in impoverished economic conditions to experience free enterprise. Microfinance has touched the lives of over 20 million people in the poorest regions of the world. And this form of foreign aid has a very strong payback rate.

Mr. Speaker, women account for nearly 74 percent of the 19.3 million of the world's poorest people that are now being served by microfinance institutions. Most of these women have access

to credit to invest in businesses that they own and operate themselves. The vast majority of them have excellent repayment records in spite of the daily hardships that they face. Contrary to conventional wisdom, they have shown that it is a very good idea to lend to the poor and to women.

While women's access to financial services has increased substantially in the past 10 years, their ability to invest in, and to benefit from, this access is often still limited by the disadvantages they experience because of their gender. Increasingly, the average loan for women is smaller than those of men, even when they are in the same credit program, the same community and the same lending group. As the industry becomes more sophisticated in developing targeted products and services, I really think it makes sense to look at both targeting women and empowering women.

Many studies have proven that international development investments in women and girls bring the greatest gains for economic growth and national development. When women increase their incomes, they directly invest this additional capital in the education, health and welfare of their children, potentially breaking the cycle of poverty.

Some of my colleagues have mentioned examples. I would like to mention one, too, the story of Razia Begum. Razia Begum lives in a village in northeast Bangladesh, an area of verdant hills, paddy fields and ponds. Most of Razia's district lacks electricity. The literacy rate is 16 percent and half of the 46,000 households in her area eke out a living from plots of land of a half acre or less. This is typical of Bangladesh, among the world's poorest 15 countries. At 35, Razia has taken out two loans from the United Nations development program, one, a \$65 loan to buy her own piece of land, and a second, a \$108 loan to buy seeds and fertilizer through the Bhatrapura East Female Village Organization. For the first time, UNDP reports, Razia can picture a secure future for herself, her three school-aged children and her husband, a shopkeeper. Razia is happy and says, "I can look forward to a steady income by selling vegetable seedlings from this plot of land." She is growing spinach, cauliflower, cabbage, eggplant and papaya.

Microenterprise is at work in the United States, right here as well. In 2000, the Aspen Institute and the Association for Enterprise Opportunity estimated that there were an estimated 2 million microentrepreneurs in the United States, of which 78 percent are women. My own home State of Maryland is home to several local microenterprise programs. For example, the Foundation for International Community Assistance (FINCA) USA, lends to 200 clients. Since it began in 1994, it has impacted the lives of hundreds of entrepreneurs in the Greater Washington, D.C. and Baltimore areas.

Michele Green, just one of the many who have benefited from FINCA's work, is a single parent who supports four children. Michele has taken out two loans from FINCA and in just 4 months doubled her income from selling handmade crafts. She reports an increase in household income from \$2,200 to \$2,600.

The United States must also substantially increase the amount of attention and resources it contributes to implement commitments made at the United Nations Fourth World Conference on Women in 1995 and at the United Nations Special Assembly Session on Women in 2000 in its foreign policy, development assistance programs and international economic policies.

The expansion of this microfinance program, which has the potential to transform relations and empower the poor, has become a central component of our foreign aid program. I support the Microenterprise for Self-Reliance Act. I want to again thank those who have put it together, the gentleman from New Jersey (Mr. SMITH), the gentleman from California (Mr. LANTOS), and I am proud that we continue to build on that microfinance program.

Mr. LANTOS. Mr. Speaker, before yielding to my good friend from New Mexico, I feel compelled to recognize the fact that the distinguished member of his family, the late Mo Udall, gave this body so much wit and wisdom and judgment and service. His own father served with great distinction as our Secretary of the Interior.

Mr. Speaker, we do not have an aristocracy of birth or an aristocracy of wealth in our country, but we do have an aristocracy of public service. I am pleased to yield such time as he may consume to my good friend, the gentleman from New Mexico (Mr. UDALL), a member of that aristocracy.

Mr. UDALL of New Mexico. Mr. Speaker, I thank the gentleman very much for those very kind words.

Let me first say that I very much appreciate the bipartisan leadership on this piece of legislation. Ranking Member LANTOS and Chairman HYDE, I think, have done an excellent job on making sure this gets through the House of Representatives. Clearly Chairman SMITH and the gentleman from Indiana (Mr. ROEMER) have worked very hard on this piece of legislation and made sure that it is on the floor today.

It gives me great pleasure to rise today in strong support of H.R. 4073. This is extremely important legislation that holds great promise for improving the lot of many of the world's poorest individuals. According to the World Bank, more than 1.3 billion people in the developing world, or one-fifth of the world's population, subsist on less than \$1 a day. Last year, nearly 10.5 million children under the age of 5 died from largely preventable malnutrition and disease and more than 100 million children of primary school age remain out of schools in developing

countries throughout the world. These children and their families are some of the poorest people in the world who lack access to many of the most basic necessities that we in the United States often take for granted.

One tool that has proven to be an effective remedy is microcredit loans. These very small loans and other financial services, available to the poorest people, allow them to start and expand tiny businesses without depending on money lenders who demand exorbitant interest rates. In addition, the access to these small loans allows the poor to reap the benefits of their hard work.

Mr. Speaker, I have heard firsthand the stories of women from Pakistan and India, who as a result of these important loans, which often average around the small sum of \$150, were able to pull them and their families out of poverty. They spoke of the incredible returns to their families and communities, stating that almost 90 percent of the return they were able to generate from the loan went to paying for better living conditions, better food, and better education for their children. In addition, communities that have had numerous individuals receive these microloans have experienced an increase in more responsible family planning.

The U.S. has been a major provider of funding for international microenterprise programs, providing \$155 million for fiscal year 2002. Through the funding provided by the U.S., many microenterprise institutions are now operating independently of foreign aid. Their existence would have been impossible without previous grants for start-up and expansion. I am extremely pleased to see that H.R. 4073 increases microenterprise authorization to \$175 million for fiscal year 2003 and \$200 million for fiscal year 2004.

Microcredit helps borrowers improve the quality of their lives and the futures of their children. I strongly support this legislation and urge my colleagues to do so as well. A vote in favor of H.R. 4073 will help provide hope and assistance to corners of the world greatly in need of both. I want to once again thank the Members on both sides of the aisle who have worked so hard on this piece of legislation. They have created a good example of how we should work with each other.

Mr. SMITH of New Jersey. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. SMITH).

□ 1445

Mr. SMITH of Michigan. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, let me offer an analogy, a Biblical quotation, and I paraphrase: Give a man a fish and he will eat for a day; teach that person to fish, and he will have food for a lifetime.

This is the kind of venture that has not only worked well in other countries, but has worked well in Michigan,

in Illinois and many other States. I only wish we would expand this kind of program, that takes an individual that has the willingness to venture into entrepreneurship and the hard work that is required in any capitalistic movement, and give funding to that individual so that they can develop a business that is not only going to help them, but going to help their community.

Again, to the gentleman from New Jersey (Mr. SMITH) and the colleagues on the other side of the aisle that helped with this legislation, this is probably a more efficient way to help more people in more countries than a lot of the foreign aid that we have pursued in prior years.

Mr. Speaker, in closing, let me say I urge my colleagues to vote for H.R. 4073.

Mr. LANTOS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SMITH of New Jersey. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, before yielding back the balance of my time, there are a number of people to thank again. I mentioned the Members earlier on. I would like to thank Peter Smith of our distinguished staff; Joseph Rees; Andy Napoli and George Phillips, who worked on this legislation; Nisha Desai, who also worked very hard on the bill; Jed D'Ercole, from the staff of the gentleman from Indiana (Mr. ROEMER), for his work as well; and also Mr. Dan Freeman, who is our parliamentarian extraordinaire, who was also very, very helpful in crafting this legislation.

Mr. GILMAN. Mr. Speaker, I rise in strong support of H.R. 4073 and I commend chairman HYDE and Ranking Minority Member TOM LANTOS for bringing this measure to the Floor for a vote. Microcredit is a key anti-poverty tool. With one fifth of the world's population struggling to survive on less than \$1 a day, it is vital that we expand opportunities for the poor to help themselves. This can be done by more effectively utilizing our microenterprise resources.

H.R. 4073 would reprioritize USAID efforts in the microenterprise arena to ensure that resources are spent more effectively and with the greatest return rate.

We know the capabilities of microenterprise development assistance programs. However we can take better advantage of their potential. Specifically, the U.S. Agency for International Development should better track poverty-lending money and report whether it has been complying with the Congressional priority. We also need to mandate that at least half of all microenterprise resources be directed to programs serving the very poor. Additionally, USAID should be better able to ensure that its programs for the poor are reaching a majority of very poor clients and better reward programs upfront for reaching the poorest more effectively. H.R. 4073 attempts to do accomplish all these worthy goals.

Accordingly, I thank Chairman HYDE and Ranking Member LANTOS for their leadership, and my colleagues, CHRIS SMITH, DONALD PAYNE, AMO HOUGHTON and TIM ROEMER for

their efforts to craft this legislation. Hopefully, as our Senate counterparts take up the microenterprise issue in the coming days, they will also include the key poverty provisions contained in this bill. I urge my colleagues to support H.R. 4073.

Mr. KIRK. Mr. Speaker, I rise today in strong support of H.R. 4073, the Microenterprise for Self-Reliance Act of 2000 and the Foreign Assistance Act of 1961 Amendments Act. This legislation is absolutely critical in the fight against global poverty, and serves as a reminder of the importance of our nation's continued foreign aid.

As a staffer for the House International Relations Committee under Chairman GILMAN, I worked to craft the original legislation that helped establish microenterprise grant assistance. Now, as we consider reauthorizing and increasing funding levels for these critical programs, I strongly urge my colleagues to join me in support of this legislation.

Despite the overall growth of the international economy over the last twenty years, billions of people throughout the world continue to live on less than one dollar per day. The world's poorest people do not have the appropriate resources to start small businesses despite the fact that in many areas, starting a business requires as little as \$100. As a proven method of foreign aid, microenterprise has successfully paved the way for nearly 20 million people to achieve economic independence and a better way of life. Small business is the lifeblood of our thriving American economy. We must make every effort to ensure that our friends abroad are given the same opportunities to start and maintain their own businesses.

Micro-financing stimulates growth, generates new employment, and can help raise the income of others. Additionally, these programs promote higher household income and increased family welfare. While microenterprise has been proven to enhance the lives of the world's poorest people, it has also played a specific role in bettering the lives of poor women throughout the world. Studies indicate that the majority of those who benefit from microenterprise are women.

Please join me in supporting this bill, which would responsibly increase funding for microenterprise programs to \$175 million in FY 2003 and \$200 million in FY 2004. As the world's leader in foreign aid contributions and as a beacon of freedom and prosperity, the United States must continue to guide the world out of the darkness of poverty, and microenterprise is one effective avenue to accomplish this goal.

Ms. MCCARTHY of Missouri. Mr. Speaker, I rise today in support of H.R. 4073, the Microenterprise For Self Reliance Act of 2000 and the Foreign Assistance Act of 1961 Amendments Act. Microenterprise is the provision of small loans that average less than \$150 dollars at competitive interest rates and other financial services to the poorest individuals in developing countries, especially women, in order to start or expand self employment ventures and pull themselves out of poverty. Microenterprise is a solution to the poorest people's inability to find satisfactory employment and obtain needed credit. While microenterprise has spread to countries in Asia, Africa, and Latin America reaching approximately 30 million clients, tens of millions of very poor families who could use microenterprise still do not have access to this effective

route out of poverty. This legislation, which increases assistance through microenterprise organizations, is a step in the right direction to expanding this successful program.

Microenterprise is an economically sound method of fighting poverty. In developing countries, the rate of repayment of well established microenterprise programs ranges from 95 to 99 percent. Due to a system of peer support used in many microenterprise models, repayment rates are high as borrowers are responsible for each other's success to ensure that every member of their group is able to pay back their loans. With support to grow and become efficient, microenterprise programs in developing countries need less grant money, can utilize loan and loan guarantees, and eventually get linked into the formal financial system. Microenterprise organizations have been able to cover 100 percent of operational costs with the interest income generated by the loans.

Women greatly benefit from the microenterprise organizations. Most of the 1.2 billion people living on less than a dollar a day are women. Women are often responsible for the upbringing of the world's children. Poverty may result in the physical and social underdevelopment of their children. Experience shows that women are good credit risk. Many women invest their income toward the well being of their families. Simultaneously, women themselves benefit from the higher social status they achieve within the home when they are able to provide income. The Women's Empowerment Program in Nepal, for example, conducted a study that showed an average of 89,000 out of 130,000 or 68 percent of women in its program experienced an increase in their decision making roles in the areas of family planning, children's marriage, buying and selling property, and sending their daughters to school, all areas of decision making traditionally dominated by men.

Mr. Speaker, in many developing countries, the self employed comprise more than 50 percent of the labor force. Access to small amounts of credit with reasonable interest rates allows poor people to move from tiny initial income generating activities to small microenterprises. In most cases, microenterprise programs offer a combination of services and resources to their clients including savings facilities, training, networking, and peer support. In this way, microenterprise allows families to work to end their own poverty with dignity.

I urge my colleagues to support this measure.

Mr. ROEMER. Mr. Speaker, last week U.S. Treasury Secretary Paul O'Neill and Irish rock star Bono on a tour of Africa called attention to the need for international development to alleviate world poverty and suffering. As their trip demonstrated, impoverished communities in the Third World will benefit greatly from an increase in U.S. foreign aid funding toward programs that can maintain stable accountability measures.

Now more than ever, Congress must achieve a bipartisan compromise in enacting new and innovative foreign aid programs that effectively meet the needs of impoverished people throughout the world. Microenterprise, the lending of very small loans to the world's poorest people that serve to start and expand small business typically in amounts as low as \$100, is a U.S. foreign aid program that fosters hope and opportunity, and counters the

fear and desperation that is exploited among the masses of unemployed and impoverished people around the world by terrorist organizations like al-Qaeda. The war on terrorism will not be won by satellites and soldiers alone; our arsenal must include humanitarian assistance that promotes freedom and opportunity for the world's poorest people. Undeniably, microenterprise programs fulfill this role in the developing world.

Mr. Speaker, today I rise to voice my strong support for H.R. 4073, a bipartisan bill that increases funding for microenterprise programs. This important legislation ensures that our investment in the world's small business owners is well-spent. Specifically, this legislation calls for targeting at least half of all microenterprise resources to the world's poorest people and provides greater accountability measures that ensure effective poverty-targeting.

Take for example the story of Violet Mutoto of Uganda. Violet, a mother of four young children, lives and works out of her small house in the tiny hamlet of Mooni, Uganda. Her mud dwelling contains no plumbing; yet she pays roughly \$18 a month in rent. Out of the front of her home, Violet operates a rudimentary store. Since receiving her first loan of \$43 from the international development organization, Freedom from Hunger, Violet has been able to pay her rent and expand her stock of supplies in her store. Now she sells cooking oils, cheese, salt, sugar, malaria pills, and other items. The diversified stock of supplies has increased her business and has afforded her the opportunity to end her older children to school. After repaying her first loan, Violet was able to assume second and third loans to begin accumulating a savings account.

H.R. 4073 is the product of a bipartisan effort to create effective foreign aid. Earlier this year, my colleague and friend, AMO HOUGHTON of New York, and I introduced H.R. 4209, the "Promoting Self-Reliance for the World's Poorest People Act of 2002." This bill called for three essential mandates: (1) increasing U.S. investment in microenterprise globally; (2) ensuring that at least half of these resources reach the poorest people, especially poor women; and (3) creating poverty assessment tools ensuring that microcredit loans reach the poorest people.

Working closely with our colleagues of the International Relations Committee and particularly with the gentleman from New Jersey, CHRIS SMITH, we were able to forge a strong compromise microenterprise bill. This legislation, H.R. 4073, thoughtfully addresses key microenterprise poverty issues and, accordingly, was passed unanimously by the committee in May. The Smith Roemer microenterprise bill, increases funding for Microenterprise programs from \$155 million to \$175 million in FY 2003 and to \$200 million in FY 2004 in the Foreign Operations budget.

I would like to thank the International Relations Committee Chairman, Mr. HYDE, and Ranking Member, Mr. LANTOS, and their respective committee staff members, Peter Smith and Nisha Desai, for their leadership on this bill. I would also like to thank Representatives AMO HOUGHTON, CHRIS SMITH, DONALD PAYNE, BEN GILMAN, and my other colleagues who lent their support and expertise to the formulation of the final bill.

Mr. Speaker, in conclusion, I strongly encourage my colleagues to vote for H.R. 4073 this afternoon. Today, Congress has the op-

portunity to support a foreign aid program that equips the world's poorest people with the tools to empower themselves. Microenterprise organizations such as Freedom from Hunger provide these vital empowerment tools in the form of tiny microcredit loans. As the story of Violet Mutoto demonstrates, by devoting greater resources to effective humanitarian programs, U.S. foreign aid can provide hope and empowerment to the world's poorest people and demonstrate that the United States is committed to spreading the rewards that can grow in a free-enterprise system.

Mr. BENTSEN. Mr. Speaker, I rise in strong support of H.R. 4073, important legislation that increases assistance for the poorest people in developing countries under microenterprise assistance programs.

This legislation focuses on the lending of very small foreign loans to start businesses in highly impoverished areas. A recent World Bank report indicates that approximately 1.3 billion worldwide live on less than \$1 a day. When targeted properly and effectively, such foreign assistance can help stop poverty, disease, and other serious threats to international communities. H.R. 4073 increases current funding to \$175 million in fiscal year 2003, and \$200 million in fiscal year 2004 in the Foreign Operations budget.

More importantly, microcredit provides a valuable and much-needed resource to many of our allies and their citizens, an important and vital goal for the United States. Here today, we have the chance to show our support for promising small business efforts worldwide, and the positive impact such enterprises have within their nations. Microcredit currently reaches 30 million people, 19 million of whom are among the very poor and live in extreme poverty. H.R. 4073 builds on efforts to prevent these tragic circumstances by ensuring a stronger loan support system, along with the funds to help international business growth efforts to succeed.

As this program is already in place and is a proven success, I encourage my colleagues to join me in support of this bill. Working with the Administration and my colleagues in the House, I look forward to enacting thoughtful loan assistance legislation and battling global poverty and suffering.

For all these reasons, Mr. Speaker, I urge my colleagues to join me in support for H.R. 4073, to support business development efforts on a global scale, and to help build new communities worldwide.

Mr. SMITH of New Jersey. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the motion offered by the gentleman from New Jersey (Mr. SMITH) that the House suspend the rules and pass the bill, H.R. 4073, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

NATIONAL TRANSPORTATION SAFETY BOARD REAUTHORIZATION ACT OF 2002

Mr. MICA. Mr. Speaker, I move to suspend the rules and pass the bill