

Calendar No. 670106TH CONGRESS
2^D SESSION**S. 2844****[Report No. 106-335]**

To amend the Foreign Assistance Act of 1961 to authorize the provision of assistance to increase the availability of credit to microenterprises lacking full access to credit, to establish a Microfinance Loan Facility, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 11, 2000

Mr. HELMS, from the Committee on Foreign Relations, reported the following original bill; which was read twice and placed on the calendar

A BILL

To amend the Foreign Assistance Act of 1961 to authorize the provision of assistance to increase the availability of credit to microenterprises lacking full access to credit, to establish a Microfinance Loan Facility, 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 2000”.

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

2 Congress makes the following findings and declara-
3 tions:

4 (1) According to the World Bank, more than
5 1,200,000,000 people in the developing world, or
6 one-fifth of the world's population, subsist on less
7 than \$1 a day.

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

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

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

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

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

25 (C) These poor entrepreneurs are often trapped
26 in poverty because they cannot obtain credit at rea-

1 sonable rates to build their asset base or expand
2 their otherwise viable self-employment activities.

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

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

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

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

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

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

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

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

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

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

23 (10)(A) The development of sustainable micro-
24 finance institutions that provide credit and training,
25 and mobilize domestic savings, is a critical compo-

1 ment to a global strategy of poverty reduction and
2 broad-based economic development.

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

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

23 (11)(A) In 1994, the United States Agency for
24 International Development launched the “Micro-

1 enterprise Initiative” in partnership with the Con-
2 gress.

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

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

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

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

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

24 (14) Nongovernmental organizations have dem-
25 onstrated competence in developing networks of local

1 microfinance institutions and other assistance deliv-
2 ery mechanisms so that they reach large numbers of
3 the very poor, and achieve financial sustainability.

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

13 (16) By expanding and replicating successful
14 microfinance institutions, it should be possible to
15 create a global infrastructure to provide financial
16 services to the world's poorest families.

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

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

7 **SEC. 3. PURPOSES.**

8 The purposes of this Act are—

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

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

17 (3) to support and develop the capacity of
18 United States and indigenous nongovernmental or-
19 ganization intermediaries to provide credit, savings,
20 training, technical assistance, and business develop-
21 ment services to microentrepreneurs;

22 (4) to emphasize financial services and substan-
23 tially increase the amount of assistance devoted to
24 both financial services and complimentary business
25 development services designed to reach the poorest

1 sector in developing countries, particularly women;
2 and

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

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

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

15 **“SEC. 131. MICROENTERPRISE DEVELOPMENT GRANT AS-**
16 **SISTANCE.**

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

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

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

1 “(3) the support of microenterprise can be
2 served by programs providing credit, savings, train-
3 ing, technical assistance, and business development
4 services.

5 “(b) AUTHORIZATION.—

6 “(1) IN GENERAL.—In carrying out this part,
7 the President is authorized to provide grant assist-
8 ance for programs to increase the availability of
9 credit and other services to microenterprises lacking
10 full access to capital training, technical assistance,
11 and business development services through—

12 “(A) grants to microfinance institutions
13 for the purpose of expanding the availability of
14 credit, savings, and other financial services to
15 microentrepreneurs;

16 “(B) grants to microenterprise institutions
17 for the purpose of training, technical assistance,
18 and business development services for micro-
19 enterprises to enable them to make better use
20 of credit, to better manage their enterprises,
21 and to increase their income and build their as-
22 sets;

23 “(C) capacity-building for microenterprise
24 institutions in order to enable them to better

1 meet the credit and training needs of micro-
2 entrepreneurs; and

3 “(D) policy and regulatory programs at
4 the country level that improve the environment
5 for microentrepreneurs and microenterprise in-
6 stitutions that serve the poor and very poor.

7 “(2) IMPLEMENTATION.—Assistance authorized
8 under paragraph (1) shall be provided through orga-
9 nizations that have a capacity to develop and imple-
10 ment microenterprise programs, including
11 particularly—

12 “(A) United States and indigenous private
13 and voluntary organizations;

14 “(B) United States and indigenous credit
15 unions and cooperative organizations; or

16 “(C) other indigenous governmental and
17 nongovernmental organizations.

18 “(3) TARGETED ASSISTANCE.—In carrying out
19 sustainable poverty-focused programs under para-
20 graph (1), 50 percent of all microenterprise re-
21 sources shall be targeted to very poor entrepreneurs,
22 defined as those living in the bottom 50 percent
23 below the poverty line as established by the national
24 government of the country. Specifically, such re-
25 sources shall be used for—

1 “(A) direct support of programs under this
2 subsection through practitioner institutions
3 that—

4 “(i) provide credit and other financial
5 services to entrepreneurs who are very
6 poor, with loans in 1995 United States
7 dollars of—

8 “(I) \$1,000 or less in the Europe
9 and Eurasia region;

10 “(II) \$400 or less in the Latin
11 America region; and

12 “(III) \$300 or less in the rest of
13 the world; and

14 “(ii) can cover their costs in a reason-
15 able time period; or

16 “(B) demand-driven business development
17 programs that achieve reasonable cost recovery
18 that are provided to clients holding poverty
19 loans (as defined by the regional poverty loan
20 limitations in subparagraph (A)(i)) whether
21 they are provided by microfinance institutions
22 or by specialized business development services
23 providers.

1 “(4) SUPPORT FOR CENTRAL MECHANISMS.—

2 The President should continue support for central
3 mechanisms and missions that—

4 “(A) provide technical support for field
5 missions;

6 “(B) strengthen the institutional develop-
7 ment of the intermediary organizations de-
8 scribed in paragraph (2);

9 “(C) share information relating to the pro-
10 vision of assistance authorized under paragraph
11 (1) between such field missions and inter-
12 mediary organizations; and

13 “(D) support the development of nonprofit
14 global microfinance networks, including credit
15 union systems, that—

16 “(i) are able to deliver very small
17 loans through a vast grassroots infrastruc-
18 ture based on market principles; and

19 “(ii) act as wholesale intermediaries
20 providing a range of services to micro-
21 finance retail institutions, including financ-
22 ing, technical assistance, capacity-building
23 and safety and soundness accreditation.

24 “(5) LIMITATION.—Assistance provided under
25 this subsection may only be used to support micro-

1 enterprise programs and may not be used to support
2 programs not directly related to the purposes de-
3 scribed in paragraph (1).

4 “(6) DEFINITION.—In this subsection, the term
5 ‘business development services’ means support for
6 the growth of microenterprises through training,
7 technical assistance, marketing assistance, improved
8 production technologies, and other services.

9 “(c) MONITORING SYSTEM.—In order to maximize
10 the sustainable development impact of the assistance au-
11 thorized under subsection (a)(1), the Administrator of the
12 agency primarily responsible for administering this part
13 shall establish a monitoring system that—

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

17 “(2) establishes performance indicators to be
18 used in measuring or assessing the achievement of
19 the goals and objectives of such assistance;

20 “(3) provides a basis for recommendations for
21 adjustments to such assistance to enhance the sus-
22 tainable development impact of such assistance, par-
23 ticularly the impact of such assistance on the very
24 poor, particularly poor women; and

1 “(2) it is, therefore, in the best interests of the
2 United States to assist the development of the enter-
3 prises of the poor in developing countries and to en-
4 gage the United States private sector in that proc-
5 ess.

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

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

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

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

20 “(c) ELIGIBILITY CRITERIA.—The Administrator of
21 the agency primarily responsible for administering this
22 part shall establish criteria for determining which entities
23 described in subsection (b) are eligible to carry out activi-
24 ties, with respect to micro- and small enterprises, assisted
25 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.

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) AUTHORIZED USES OF FUNDS.—

19 “(1) IN GENERAL.—Amounts made available to
20 carry out this section may be used for, among other
21 things—

22 “(A) the subsidy cost, as defined in section
23 502(5) of the Federal Credit Reform Act of
24 1990, for activities under this section; and

1 “(B) the cost of administration expenses in
2 carrying out credit activities under this section.

3 “(2) DEFAULT AND PROCUREMENT PROVI-
4 SIONS.—

5 “(A) DEFAULT PROVISION.—The provi-
6 sions of section 620(q), or any comparable pro-
7 vision of law, shall not be construed to prohibit
8 assistance to a country in the event that a pri-
9 vate sector recipient of assistance furnished
10 under this section is in default in its payment
11 to the United States for the period specified in
12 such section.

13 “(B) PROCUREMENT PROVISION.—Assist-
14 ance may be provided under this section with-
15 out regard to section 604(a).

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

20 **SEC. 6. MICROFINANCE LOAN FACILITY.**

21 (a) IN GENERAL.—Chapter 1 of part I of the Foreign
22 Assistance Act of 1961 (22 U.S.C. 2151 et seq.), as
23 amended by section 4 of this Act, is further amended by
24 adding at the end the following new section:

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

2 “(a) ESTABLISHMENT.—The Administrator is au-
3 thorized to establish a United States Microfinance Loan
4 Facility (in this section referred to as the ‘Facility’) to
5 pool and manage the risk from natural disasters, war or
6 civil conflict, national financial crisis, or short-term finan-
7 cial movements that threaten the long-term development
8 of United States-supported microfinance institutions.

9 “(b) DISBURSEMENTS.—

10 “(1) IN GENERAL.—The Administrator shall
11 make disbursements from the Facility to United
12 States-supported microfinance institutions to prevent
13 the bankruptcy of such institutions caused by—

14 “(A) natural disasters;

15 “(B) national wars or civil conflict; or

16 “(C) national financial crisis or other
17 short-term financial movements that threaten
18 the long-term development of United States-
19 supported microfinance institutions.

20 “(2) FORM OF ASSISTANCE.—Assistance under
21 this section shall be in the form of loans or loan
22 guarantees for microfinance institutions that dem-
23 onstrate the capacity to resume self-sustained oper-
24 ations within a reasonable time period.

25 “(3) CONGRESSIONAL NOTIFICATION PROCE-
26 DURES.—During the fiscal year 2001, funds may

1 not be made available from the Facility until 15
2 days after notification of the proposed availability of
3 the funds has been provided to the congressional
4 committees specified in section 634A in accordance
5 with the procedures applicable to reprogramming no-
6 tifications under that section.

7 “(c) GENERAL PROVISIONS.—

8 “(1) POLICY PROVISIONS.—In providing the
9 credit assistance authorized by this section, the Ad-
10 ministrator should apply, as appropriate, the policy
11 provisions in this part that are applicable to develop-
12 ment assistance activities.

13 “(2) DEFAULT AND PROCUREMENT PROVI-
14 SIONS.—

15 “(A) DEFAULT PROVISION.—The provi-
16 sions of section 620(q), or any comparable pro-
17 vision of law, shall not be construed to prohibit
18 assistance to a country in the event that a pri-
19 vate sector recipient of assistance furnished
20 under this section is in default in its payment
21 to the United States for the period specified in
22 such section.

23 “(B) PROCUREMENT PROVISION.—Assist-
24 ance may be provided under this section with-
25 out regard to section 604(a).

1 “(3) TERMS AND CONDITIONS OF CREDIT AS-
2 SISTANCE.—

3 “(A) IN GENERAL.—Credit assistance pro-
4 vided under this section shall be offered on such
5 terms and conditions, including fees charged, as
6 the Administrator may determine.

7 “(B) LIMITATION ON PRINCIPAL AMOUNT
8 OF FINANCING.—The principal amount of loans
9 made or guaranteed under this section in any
10 fiscal year, with respect to any single event,
11 may not exceed \$30,000,000.

12 “(C) EXCEPTION.—No payment may be
13 made under any guarantee issued under this
14 section for any loss arising out of fraud or mis-
15 representation for which the party seeking pay-
16 ment is responsible.

17 “(4) FULL FAITH AND CREDIT.—All guarantees
18 issued under this section shall constitute obligations,
19 in accordance with the terms of such guarantees, of
20 the United States of America, and the full faith and
21 credit of the United States of America is hereby
22 pledged for the full payment and performance of
23 such obligations to the extent of the guarantee.

24 “(d) FUNDING.—

25 “(1) ALLOCATION OF FUNDS.—

1 “(A) IN GENERAL.—Of the amounts made
2 available to carry out this part for the fiscal
3 year 2001, up to \$5,000,000 may be made
4 available for—

5 “(i) the subsidy cost, as defined in
6 section 502(5) of the Federal Credit Re-
7 form Act of 1990, to carry out this section;
8 and

9 “(ii) subject to subparagraph (B), the
10 cost of administrative expenses to carry
11 out this section.

12 “(B) LIMITATION ON ADMINISTRATIVE EX-
13 PENSES.—Of the amount made available under
14 subparagraph (A) to carry out this section for
15 fiscal year 2001, not more than \$500,000 may
16 be made available for administrative expenses
17 under subparagraph (A)(ii).

18 “(2) RELATION TO OTHER FUNDING.—
19 Amounts made available under paragraph (1) are in
20 addition to amounts available under any other provi-
21 sion of law to carry out this section.

22 “(e) DEFINITIONS.—In this section:

23 “(1) ADMINISTRATOR.—The term ‘Adminis-
24 trator’ means the Administrator of the agency pri-
25 marily responsible for administering this part.

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

6 “(3) 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 (b) REPORT.—Not later than 120 days after the date
13 of enactment of this Act, the Administrator of the United
14 States Agency for International Development shall submit
15 to the Committee on Foreign Relations of the Senate and
16 the Committee on International Relations of the House
17 of Representatives a report on the policies, rules, and reg-
18 ulations of the United States Microfinance Loan Facility
19 established under section 133 of the Foreign Assistance
20 Act of 1961, as added by subsection (a).

21 **SEC. 7. REPORT RELATING TO FUTURE DEVELOPMENT OF**
22 **MICROENTERPRISE INSTITUTIONS.**

23 (a) REPORT.—Not later than 180 days after the date
24 of the enactment of this Act, the President shall submit
25 to the appropriate congressional committees a report on

1 the most cost-effective methods and measurements for in-
2 creasing the access of poor people overseas to credit, other
3 financial services, and related training.

4 (b) CONTENTS.—The report described in subsection
5 (a)—

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

15 (2) shall provide guidelines and recommenda-
16 tions for—

17 (A) instruments to assist microenterprise
18 networks to develop multi-country and regional
19 microlending programs;

20 (B) technical assistance to foreign govern-
21 ments, foreign central banks, and regulatory
22 entities to improve the policy environment for
23 microfinance institutions, and to strengthen the
24 capacity of supervisory bodies to supervise
25 microfinance institutions;

1 (C) the potential for Federal chartering of
2 United States-based international microfinance
3 network institutions, including proposed legisla-
4 tion;

5 (D) instruments to increase investor con-
6 fidence in microfinance institutions which would
7 strengthen the long-term financial position of
8 the microfinance institutions and attract capital
9 from private sector entities and individuals,
10 such as a rating system for microfinance insti-
11 tutions and local credit bureaus;

12 (E) an agenda for integrating microfinance
13 into United States foreign policy initiatives
14 seeking to develop and strengthen the global fi-
15 nance sector; and

16 (F) innovative instruments to attract funds
17 from the capital markets, such as instruments
18 for leveraging funds from the local commercial
19 banking sector, and the securitization of
20 microloan portfolios.

21 (c) APPROPRIATE CONGRESSIONAL COMMITTEES DE-
22 FINED.—In this section, the term “appropriate congres-
23 sional committees” means the Committee on International
24 Relations of the House of Representatives and the Com-
25 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.**—Congress finds and de-
6 clares 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 CONGRESS.**—It is the sense of Con-
17 gress 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 advocate
4 the development of a coherent and coordinated strat-
5 egy to support the microenterprise sector and an in-
6 crease of multilateral resource flows for the purposes
7 of building microenterprise retail and wholesale
8 intermediaries.

9 **SEC. 9. DEFINITIONS.**

10 In this Act:

11 (1) **MICROENTERPRISE INSTITUTION.**—The
12 term “microenterprise institution” means an institu-
13 tion that provides microfinance services, and other
14 training or business services, directly to microentre-
15 preneurs.

16 (2) **MICROFINANCE INSTITUTION.**—The term
17 “microfinance institution” means an institution that
18 makes loans as well as provides savings and insur-
19 ance services.

20 (3) **PRACTITIONER INSTITUTION.**—The term
21 “practitioner institution” means a microfinance in-
22 stitution that is administered by a nongovernmental
23 organization or by a private and voluntary organiza-
24 tion and that provides direct services for microentre-
25 preneurs.

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106TH CONGRESS
2D SESSION

S. 2844

[Report No. 106-335]

A BILL

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