

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4511

To amend the Foreign Assistance Act of 1961 to authorize the Administrator of the United States Agency for International Development to provide assistance for programs of credit and other assistance for microenterprises in developing countries.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 26, 1994

Mr. GEJDENSON (for himself, Ms. MCKINNEY, Ms. CANTWELL, Mrs. KENNELLY, Mrs. LOWEY, Mr. GILMAN, and Mr. BEREUTER) introduced the following bill; which was referred to the Committee on Foreign Affairs

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## A BILL

To amend the Foreign Assistance Act of 1961 to authorize the Administrator of the United States Agency for International Development to provide assistance for programs of credit and other assistance for microenterprises in developing countries.

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 Devel-  
5 opment Act of 1994”.

1 **SEC. 2. AUTHORIZATION OF MICROENTERPRISE DEVELOP-**  
2 **MENT ASSISTANCE.**

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

6 “SEC. 129. MICROENTERPRISE DEVELOPMENT AS-  
7 SISTANCE.—(a) The Congress finds the following:

8 “(1) A strong microenterprise sector is a fun-  
9 damental condition of economic pluralism.

10 “(2) Microenterprise development programs  
11 offer an important mechanism to alleviate poverty,  
12 develop private enterprise, and create employment.

13 “(3) The very poor, particularly poor women, in  
14 the developing world often do not advance economi-  
15 cally because they cannot obtain investment capital  
16 to secure their asset base or expand their otherwise  
17 viable microenterprise activities.

18 “(4) The development of sustainable  
19 microenterprise institutions which provide credit,  
20 training, and mobilize domestic savings are therefore  
21 critical components to a broad-based economic  
22 growth strategy.

23 “(5) Microenterprise credit also offers a tool to  
24 leverage foreign assistance resources because unlike  
25 grants credit can be continually recycled generating  
26 new benefits to program participants.

1           “(6) Interest income on a credit portfolio can  
2           be used to finance recurring costs assuring the long-  
3           term continuity of development assistance.

4           “(7) Because microenterprise development credit  
5           programs foster self-reliance, such programs reduce  
6           the dependency of program participants and indige-  
7           nous institutions on foreign assistance.

8           “(b) The purposes of this section are—

9           “(1) to provide for the continuation and expan-  
10          sion of the commitment of the United States Agency  
11          for International Development to microenterprise de-  
12          velopment programs;

13          “(2) to make microenterprise development a  
14          part of the mainstream of the overall economic  
15          growth strategy of the United States Agency for  
16          International Development; and

17          “(3) to improve the access of microenterprise  
18          credit to the very poor, particularly poor women, in  
19          developing countries.

20          “(c)(1) In carrying out this part, the Administrator  
21          of the United States Agency for International Develop-  
22          ment is authorized to provide assistance for programs of  
23          credit and other assistance for microenterprises in devel-  
24          oping countries.

1       “(2) Assistance authorized under paragraph (1) shall  
2 be provided through—

3           “(A) United States and indigenous private and  
4 voluntary organizations;

5           “(B) United States and indigenous credit  
6 unions and cooperative organizations; and

7           “(C) other indigenous governmental and non-  
8 governmental organizations;  
9 that have a capacity to develop and implement  
10 microenterprise programs.

11       “(3) A significant portion of assistance authorized  
12 under paragraph (1) shall be used for poverty lending pro-  
13 grams which—

14           “(A) meet the needs of the very poor members  
15 of society, particularly poor women; and

16           “(B) provide loans of \$300 or less in 1994  
17 United States dollars to such poor members of soci-  
18 ety.

19       “(4) The Administrator of the United States Agency  
20 for International Development shall strengthen appro-  
21 priate mechanisms, including mechanisms for central  
22 microenterprise programs, for the purpose of—

23           “(A) providing technical support for field mis-  
24 sions of the United States Agency for International  
25 Development;

1           “(B) strengthening the institutional develop-  
2           ment of the intermediary organizations described in  
3           paragraph (2); and

4           “(C) sharing information relating to the provi-  
5           sion of assistance authorized under paragraph (1)  
6           between such field missions and intermediary organi-  
7           zations.

8           “(d) In order to maximize the sustainable develop-  
9           ment impact of the assistance authorized under subsection  
10          (c)(1), the Administrator of the United States Agency for  
11          International Development shall establish a monitoring  
12          system that—

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

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

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

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