

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> 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 pro-  
viders.

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”.**

○