



(Original Signature of Member)

115TH CONGRESS
2D SESSION

H. R. 5480

To improve programs and activities relating to women's entrepreneurship and economic empowerment that are carried out by the United States Agency for International Development, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. ROYCE of California (for himself and Ms. FRANKEL of Florida) introduced the following bill; which was referred to the Committee on

A BILL

To improve programs and activities relating to women's entrepreneurship and economic empowerment that are carried out by the United States Agency for International Development, 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 "Women's Entrepre-
5 neurship and Economic Empowerment Act of 2018".

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) Because women make up the majority of
4 the world's poor and gender inequalities prevail in
5 incomes, wages, access to finance, ownership of as-
6 sets, and control over the allocation of resources,
7 women's entrepreneurship and economic empower-
8 ment is important to achieve inclusive economic
9 growth at all levels of society. Research shows that
10 when women exert greater influence over household
11 finances, economic outcomes for families improve,
12 and childhood survival rates, food security, and edu-
13 cational attainment increase. Women also tend to
14 place a greater emphasis on household savings which
15 improves families' financial resiliency.

16 (2) A 2016 report by the McKinsey Global In-
17 stitute estimated that achieving global gender parity
18 in economic activity could add as much as \$28 tril-
19 lion to annual global gross domestic product (GDP)
20 by 2025.

21 (3) Lack of access to financial services that ad-
22 dress gender-specific constraints impedes women's
23 economic inclusion. More than one billion women
24 around the world are currently left out of the formal
25 financial system, which in turn causes many women
26 to rely on informal means of saving and borrowing

1 that are riskier and less reliable. Among other con-
2 sequences, this hampers the success of women entre-
3 preneurs, including those seeking to run or grow
4 small and medium-sized enterprises (SMEs). The
5 International Finance Corporation has estimated
6 that 70 percent of women-owned SMEs in the for-
7 mal sector are unserved or underserved in terms of
8 access to credit, amounting to a \$285 billion credit
9 gap.

10 (4) Women's economic empowerment is inex-
11 tricably linked to a myriad of other women's human
12 rights that are essential to their ability to thrive as
13 economic actors across the lifecycle. This includes,
14 but is not limited to, living lives free of violence and
15 exploitation, achieving the highest possible standard
16 of health and well-being, enjoying full legal and
17 human rights such as access to registration, identi-
18 fication, and citizenship documents, benefitting from
19 formal and informal education, and equal protection
20 of and access to land and property rights, access to
21 fundamental labor rights, policies to address dis-
22 proportionate care burdens, and business and man-
23 agement skills and leadership opportunities.

24 (5) Discriminatory legal and regulatory systems
25 and banking practices are hurdles to women's access

1 to capital and assets, including land, machinery, pro-
2 duction facilities, technology, and human resources.
3 Often, these barriers are connected to a woman's
4 marital status, which can determine whether she is
5 able to inherit land or own property in her name.
6 These constraints contribute to women frequently
7 running smaller businesses, with fewer employees
8 and lower asset values.

9 (6) Savings groups primarily comprised of
10 women are recognized as a vital entry point, espe-
11 cially for poor and very poor women, to formal fi-
12 nancial services and there is a high demand for such
13 groups to protect and grow their savings with formal
14 financial institutions. Evidence shows that, once
15 linked to a bank, the average savings per member
16 increases between 40 to 100 percent and the average
17 profit per member doubles. Key to these outcomes is
18 investing in financial literacy, business leadership
19 training, and mentorship.

20 (7) United States support for microenterprise
21 and microfinance development programs, which seek
22 to reduce poverty in low-income countries by giving
23 small loans to small-scale entrepreneurs without col-
24 lateral, have been a useful mechanism to help fami-
25 lies weather economic shocks, but many microcredit

1 borrowers largely remain in poverty. The vast major-
2 ity of microcredit borrowers are women who would
3 like to move up the economic ladder but are held
4 back by binding constraints that create a “missing
5 middle”—large numbers of microenterprises, a hand-
6 ful of large firms or conglomerates, and very few
7 SMEs in between, which are critical to driving eco-
8 nomic growth in developing countries.

9 (8) According to the World Bank, SMEs create
10 4 out of 5 new positions in emerging markets but
11 about half of formal SMEs don’t have access to for-
12 mal credit. The financing gap is even larger when
13 micro and informal enterprises are taken into ac-
14 count. Overall, approximately 70 percent of all
15 micro, small and medium-sized enterprises (MSMEs)
16 in emerging markets lack access to credit.

17 **SEC. 3. ACTIONS TO IMPROVE GENDER POLICIES OF THE**
18 **UNITED STATES AGENCY FOR INTER-**
19 **NATIONAL DEVELOPMENT.**

20 (a) DEVELOPMENT COOPERATION POLICY.—It shall
21 be the development cooperation policy of the United
22 States—

23 (1) to reduce gender disparities in access to,
24 control over, and benefit from economic, social, polit-

1 ical, and cultural resources, wealth, opportunities,
2 and services;

3 (2) to strive to eliminate gender-based violence
4 and mitigate its harmful effects on individuals and
5 communities through efforts to develop standards
6 and capacity to reduce gender-based violence in the
7 workplace and other places where women conduct
8 work;

9 (3) to support activities that secure private
10 property rights and land tenure for women in devel-
11 oping countries, including legal frameworks to give
12 women equal rights to own, register, use, profit
13 from, and inherit land and property, legal literacy to
14 exercise these rights, and capacity of law enforce-
15 ment and community leaders to enforce such rights;
16 and

17 (4) to increase the capability of women and
18 girls to realize their rights, determine their life out-
19 comes, assume leadership roles, and influence deci-
20 sion-making in households, communities, and soci-
21 eties.

22 (b) ACTIONS.—In order to advance the policy de-
23 scribed in subsection (a), the Administrator of the United
24 States Agency for International Development shall ensure
25 that—

1 (1) strategies, projects, and activities of the
2 Agency are shaped by a gender analysis and, when
3 applicable, use standard indicators to provide one
4 measure of success of such strategies, projects, and
5 activities; and

6 (2) gender equality and female empowerment is
7 integrated throughout the Agency's Program Cycle
8 and related processes for purposes of strategic plan-
9 ning, project design and implementation, and moni-
10 toring and evaluation.

11 (c) GENDER ANALYSIS DEFINED.—In this section,
12 the term “gender analysis”—

13 (1) means a socio-economic analysis of available
14 or gathered quantitative and qualitative information
15 to identify, understand, and explain gaps between
16 men and women which typically involves exam-
17 ining—

18 (A) differences in the status of women and
19 men and their differential access to and control
20 over assets, resources, opportunities, and serv-
21 ices;

22 (B) the influence of gender roles, struc-
23 tural barriers, and norms on the division of
24 time between paid employment, unpaid work

1 (including subsistence production and care for
2 family members), and volunteer activities;

3 (C) the influence of gender roles, struc-
4 tural barriers, and norms on leadership roles
5 and decision making; constraints, opportunities,
6 and entry points for narrowing gender gaps and
7 empowering women; and

8 (D) potential differential impacts of devel-
9 opment policies and programs on men and
10 women, including unintended or negative con-
11 sequences; and

12 (2) includes conclusions and recommendations
13 to enable development policies and programs to nar-
14 row gender gaps and improve the lives of women and
15 girls.

16 **SEC. 4. DEVELOPMENT ASSISTANCE FOR MICRO, SMALL**
17 **AND MEDIUM-SIZED ENTERPRISES.**

18 (a) FINDINGS AND POLICY.—Section 251 of the For-
19 eign Assistance Act of 1961 (22 U.S.C. 2211) is amend-
20 ed—

21 (1) in paragraph (1)—

22 (A) by striking “microenterprise” and in-
23 serting “micro, small and medium-sized enter-
24 prise”;

1 (B) by striking “and in the development”
2 and inserting “, in the development”; and

3 (C) by adding at the end before the period
4 the following: “, and in the economic empower-
5 ment of the poor, especially women”;

6 (2) in paragraph (2)—

7 (A) by striking “microenterprise” and in-
8 serting “micro, small and medium-sized enter-
9 prise”; and

10 (B) by adding at the end before the period
11 the following: “, particularly those enterprises
12 owned, managed, and controlled by women”;

13 (3) in paragraph (3), by striking “microenter-
14 prises” and inserting “micro, small and medium-
15 sized enterprises”;

16 (4) in paragraph (4), by striking “microenter-
17 prise” and inserting “micro, small and medium-sized
18 enterprise”;

19 (5) in paragraph (5)—

20 (A) by striking “should continue” and in-
21 serting “should continue and be expanded”; and

22 (B) by striking “microenterprise and
23 microfinance development assistance” and in-
24 serting “development assistance for micro,
25 small and medium-sized enterprises”; and

1 (6) in paragraph (6)—

2 (A) by striking “have been successful” and
3 inserting “have had some success”;

4 (B) by striking “microenterprise pro-
5 grams” and inserting “development assistance
6 for micro, small and medium-sized enterprises”;
7 and

8 (C) by striking “, such as countries in
9 Latin America”.

10 (b) AUTHORIZATION; IMPLEMENTATION; TARGETED
11 ASSISTANCE.—Section 252 of the Foreign Assistance Act
12 of 1961 (22 U.S.C. 2211a) is amended as follows:

13 (1) In subsection (a)—

14 (A) in the matter preceding paragraph
15 (1)—

16 (i) by striking “credit, savings, and
17 other services” and inserting “credit, in-
18 cluding the use of innovative credit scoring
19 models, savings, financial technology, fi-
20 nancial literacy, insurance, property rights,
21 and other services”; and

22 (ii) by striking “microfinance and mi-
23 croenterprise clients” and inserting “micro,
24 small and medium-sized enterprise cli-
25 ents”;

1 (B) in paragraph (1), by striking “micro-
2 finance and microenterprise clients” and insert-
3 ing “micro, small and medium-sized enterprise
4 clients, particularly those clients owned, man-
5 aged, and controlled by women”;

6 (C) in paragraph (2)—

7 (i) by striking “microenterprises” and
8 inserting “micro, small and medium-sized
9 enterprises”; and

10 (ii) by inserting “acquire United
11 States goods and services,” after “United
12 States markets,”;

13 (D) in paragraph (3)—

14 (i) by striking “microfinance and mi-
15 croenterprise institutions” and inserting
16 “financial intermediaries”;

17 (ii) by striking “microfinance and mi-
18 croenterprise clients” and inserting “micro,
19 small and medium-sized enterprises”; and

20 (iii) by striking “and” at the end;

21 (E) in paragraph (4)—

22 (i) by striking “microfinance and mi-
23 croenterprise clients and institutions” and
24 inserting “micro, small and medium-sized

1 enterprises, financial intermediaries, and
2 capital markets”; and

3 (ii) by striking “the poor and very
4 poor.” and inserting “the poor and very
5 poor, especially women;”; and

6 (F) by adding at the end the following:

7 “(5) assistance for the purpose of promoting
8 the economic empowerment of women, including
9 through increased access to financial resources and
10 improving property rights, inheritance rights, and
11 other legal protections; and

12 “(6) assistance for the purpose of scaling up
13 evidence-based graduation approaches, which include
14 targeting the very poor and households in ultra-pov-
15 erty, consumption support, promotion of savings,
16 skills training, and asset transfers.”.

17 (2) In subsection (b)—

18 (A) in paragraph (1) to read as follows:

19 “(1) IN GENERAL.—There is authorized to be
20 established within the Agency an office to support
21 the Agency’s efforts to broaden and deepen local fi-
22 nancial markets, expand access to appropriate finan-
23 cial products and services, and support the develop-
24 ment of micro, small and medium-sized enterprises.

25 The Office shall be headed by a Director who shall

1 possess technical expertise and ability to offer lead-
2 ership in the field of financial sector development.”;

3 (B) in paragraph (2)—

4 (i) in subparagraph (B)—

5 (I) by striking “USE OF CENTRAL
6 FUNDING MECHANISMS.—” and all
7 that follows through “In order to en-
8 sure” and inserting “USE OF CEN-
9 TRAL FUNDING MECHANISMS.—In
10 order to ensure”;

11 (II) by striking “the office shall”
12 and all that follows through “and
13 other practitioners” and inserting
14 “the office shall provide coordination
15 and support for field-implemented
16 programs, including through targeted
17 core support for micro, small and me-
18 dium-sized enterprises and local finan-
19 cial markets”; and

20 (III) by striking clause (ii);

21 (ii) in subparagraph (C)—

22 (I) by inserting “, particularly by
23 protecting the use and funding of
24 local organizations in countries in

1 which the Agency invests,” after “and
2 sustainability”; and

3 (II) by inserting “, especially
4 women” after “the poor and very
5 poor”; and

6 (C) by striking paragraph (3).

7 (3) In subsection (c)—

8 (A) by striking “all microenterprise re-
9 sources” and inserting “all micro, small and
10 medium-sized enterprise resources”; and

11 (B) by striking “clients who are” and all
12 that follows and inserting “activities that reach
13 the very poor, and 50 percent of all small and
14 medium-sized enterprise resources shall be tar-
15 geted to activities that reach enterprises owned,
16 managed, and controlled by women.”.

17 (c) MONITORING SYSTEM.—Section 253(b) of the
18 Foreign Assistance Act of 1961 (22 U.S.C. 2211b(b)) is
19 amended—

20 (1) in paragraph (1), by inserting “, including
21 goals on a gender disaggregated basis, such as im-
22 provements in employment, access to financial serv-
23 ices, enterprise development, earnings and control
24 over income, and property and land rights,” after
25 “performance goals”;

1 (2) in paragraph (2), by striking “include per-
2 formance indicators” and all that follows through
3 “the achievement” and inserting “incorporate Agen-
4 cy planning and reporting processes and indicators
5 to measure or assess the achievement”; and

6 (3) by striking paragraph (4).

7 (d) **POVERTY MEASUREMENT METHODS.**—Section
8 254 of the Foreign Assistance Act of 1961 (22 U.S.C.
9 2211c) is amended to read as follows:

10 **“SEC. 254. POVERTY MEASUREMENT METHODS.**

11 “The Administrator of the Agency, in consultation
12 with financial intermediaries and other appropriate orga-
13 nizations, should have in place at least one method for
14 implementing partners to use to assess poverty levels of
15 their current incoming or prospective clients.”.

16 (e) **ADDITIONAL AUTHORITIES.**—Section 255 of the
17 Foreign Assistance Act of 1961 (22 U.S.C. 2211d) is
18 amended—

19 (1) by striking “assistance for microenterprise
20 development assistance” and inserting “development
21 assistance for micro, small and medium-sized enter-
22 prises”; and

23 (2) by striking “and, to the extent applicable”
24 and all that follows and inserting a period.

1 (f) MICROENTERPRISE DEVELOPMENT CREDITS.—
2 Section 256 of the Foreign Assistance Act of 1961 (22
3 U.S.C. 2212) is amended—

4 (1) in the section heading, by striking “**MICRO-**
5 **ENTERPRISE DEVELOPMENT CREDITS**” and in-
6 sserting “**DEVELOPMENT CREDITS FOR MICRO,**
7 **SMALL AND MEDIUM-SIZED ENTERPRISES**”;

8 (2) in subsection (a)—

9 (A) in paragraph (1), by striking “micro-
10 and small enterprises” and inserting “micro,
11 small and medium-sized enterprises”; and

12 (B) in paragraph (2), by striking “micro-
13 enterprises” and inserting “micro, small and
14 medium-sized enterprises”;

15 (3) in subsection (b), in the matter preceding
16 paragraph (1), by inserting “and other financial
17 services” after “credit”;

18 (4) by striking “microenterprise households”
19 each place it appears and inserting “micro, small
20 and medium-sized enterprises and households”; and

21 (5) by striking “microfinance institutions” each
22 place it appears and inserting “financial inter-
23 mediaries”.

1 (g) UNITED STATES MICROFINANCE LOAN FACIL-
2 ITY.—Section 257 of the Foreign Assistance Act of 1961
3 (22 U.S.C. 2213) is amended—

4 (1) in the section heading, by striking
5 “UNITED STATES MICROFINANCE LOAN FACIL-
6 ITY” and inserting “UNITED STATES MICRO,
7 SMALL AND MEDIUM-SIZED ENTERPRISE LOAN
8 FACILITY”;

9 (2) in subsection (a)—

10 (A) by striking “United States Micro-
11 finance Loan Facility” and inserting “United
12 States Micro, Small and Medium-Sized Enter-
13 prise Loan Facility”; and

14 (B) by striking “United States-supported
15 microfinance institutions” and inserting
16 “United States-supported financial inter-
17 mediaries”;

18 (3) in subsection (b), by striking “United
19 States-supported microfinance institutions” each
20 place it appears and inserting “United States-sup-
21 ported financial intermediaries”;

22 (4) by striking “microfinance institutions” each
23 place it appears and inserting “financial inter-
24 mediaries”.

1 (h) CONTENTS OF REPORT.—Subsection (b) of sec-
2 tion 258 of the Foreign Assistance Act of 1961 (22 U.S.C.
3 2214) is amended to read as follows:

4 “(b) CONTENTS.—To the extent practicable, the re-
5 port should contain the following:

6 “(1) Information about assistance provided
7 under section 252, including—

8 “(A) the amount of each grant or other
9 form of assistance;

10 “(B) the name of each intermediary and
11 implementing institution receiving assistance;

12 “(C) the name of each country receiving
13 assistance; and

14 “(D) the methodology used to ensure com-
15 pliance with the targeted assistance require-
16 ments in subsection (c) of such section.

17 “(2) The percentage of assistance provided
18 under section 252 disaggregated by income level, in-
19 cluding for the very poor, and gender.

20 “(3) The estimated number of individuals that
21 received assistance provided under section 252
22 disaggregated by income level, including for the very
23 poor, and gender, and by type of assistance, includ-
24 ing loans, training, and business development serv-
25 ices.

1 “(4) The results of the monitoring system re-
2 quired under section 253.

3 “(5) Information about any method in place to
4 assess poverty levels under section 254.”.

5 (i) DEFINITIONS.—Section 259 of the Foreign As-
6 sistance Act of 1961 (22 U.S.C. 2214a) is amended—

7 (1) in paragraph (3), by striking “Committee
8 on International Relations” and inserting “Com-
9 mittee on Foreign Affairs”;

10 (2) in paragraph (4), by striking “microenter-
11 prises” and inserting “micro, small and medium-
12 sized enterprises”;

13 (3) in paragraph (6)—

14 (A) in subparagraph (E), by striking “mi-
15 croenterprise institution” and inserting “micro,
16 small and medium-sized enterprise institution”;
17 and

18 (B) in subparagraph (F), by striking “mi-
19 croenterprise institution” and inserting “finan-
20 cial intermediary”;

21 (4) in paragraph (7) to read as follows:

22 “(7) MICRO, SMALL AND MEDIUM-SIZED EN-
23 TERPRISE INSTITUTION.—The term ‘micro, small
24 and medium-sized enterprise institution’ means an
25 entity that provides services, including finance,

1 training, or business development services, for micro,
2 small and medium-sized enterprises in foreign coun-
3 tries.”;

4 (5) in paragraph (8) to read as follows:

5 “(8) FINANCIAL INTERMEDIARY.—The term ‘fi-
6 nancial intermediary’ means the entity that acts as
7 the intermediary between parties in a financial
8 transaction, such as a bank, credit union, investment
9 fund, a village savings and loan group, or an institu-
10 tion that provides financial services to a micro, small
11 or medium-sized enterprise.”;

12 (6) by striking paragraph (9);

13 (7) by redesignating paragraphs (10) through
14 (14) as paragraphs (9) through (13), respectively;

15 (8) in paragraph (9) (as redesignated), by strik-
16 ing “of microenterprise development”;

17 (9) in paragraph (10) to read as follows:

18 “(10) PRACTITIONER INSTITUTION.—The term
19 ‘practitioner institution’ means a not-for-profit enti-
20 ty, financial intermediary, telecommunications firm
21 with a mobile money platform, a village and savings
22 loan group, or any other entity that provides services
23 authorized under section 252 that benefits micro,
24 small and medium-sized enterprise clients.”;

25 (10) in paragraph (12) (as redesignated)—

1 (A) in the heading, by striking “UNITED
2 STATES-SUPPORTED MICROFINANCE INSTITU-
3 TION” and inserting “UNITED STATES-SUP-
4 PORTED FINANCIAL INTERMEDIARY”; and

5 (B) by striking “United States-supported
6 microfinance institution” and inserting “United
7 States-supported financial intermediary”;

8 (11) in subparagraph (B) of paragraph (13) (as
9 redesignated) to read as follows:

10 “(B) living below the International Poverty
11 Line, as defined by the International Bank for
12 Reconstruction and Development and the Inter-
13 national Development Association (collectively
14 referred to as the ‘World Bank’).”

15 (j) TECHNICAL AND CONFORMING AMENDMENTS.—
16 Title VI of chapter 2 of part I of the Foreign Assistance
17 Act of 1961 is amended as follows:

18 (1) In the title heading, by striking “MICRO-
19 ENTERPRISE DEVELOPMENT ASSISTANCE”
20 and inserting “DEVELOPMENT ASSISTANCE
21 FOR MICRO, SMALL AND MEDIUM-SIZED
22 ENTERPRISES”.

23 (2) In the heading for subtitle C, by striking
24 “UNITED STATES MICROFINANCE LOAN FACILITY”

1 and inserting “UNITED STATES MICRO, SMALL AND
2 MEDIUM-SIZED MICROFINANCE LOAN FACILITY”.

3 **SEC. 5. REPORT AND BRIEFING BY UNITED STATES AGEN-**
4 **CY FOR INTERNATIONAL DEVELOPMENT.**

5 (a) IN GENERAL.—Not later than one year after the
6 date of the enactment of this Act, the Administrator of
7 the United States Agency for International Development
8 shall provide a briefing and submit to the Committee on
9 Foreign Affairs of the House of Representatives and the
10 Committee on Foreign Relations of the Senate a report
11 on the implementation of this Act and the amendments
12 made by this Act, including actions to improve the gender
13 policies of the United States Agency for International De-
14 velopment pursuant to section 3.

15 (b) PUBLIC AVAILABILITY.—The report required
16 under paragraph (1) shall be posted and made available
17 on a text-based, searchable, and publicly-available internet
18 website.

19 **SEC. 6. REPORT BY COMPTROLLER GENERAL OF THE**
20 **UNITED STATES.**

21 (a) IN GENERAL.—Not later than two years after the
22 date of the enactment of this Act, the Comptroller General
23 of the United States shall submit to the Committee on
24 Foreign Affairs of the House of Representatives and the
25 Committee on Foreign Relations of the Senate a report

1 on development assistance for micro, small and medium-
2 sized enterprises administered by the United States Agen-
3 cy for International Development.

4 (b) MATTERS TO BE INCLUDED.—The report re-
5 quired under subsection (a) shall include an assessment
6 of the following:

7 (1) What is known about the impact of such de-
8 velopment assistance on the economies of developing
9 countries.

10 (2) The extent to which such development as-
11 sistance is targeting women and the very poor, in-
12 cluding what is known about how such development
13 assistance benefits women.

14 (3) The extent to which the United States
15 Agency for International Development has developed
16 a methodology used to ensure compliance with the
17 targeted assistance requirement in section 252(c) of
18 the Foreign Assistance Act of 1961, as amended by
19 section 4 of this Act.

20 (4) The monitoring system requirements in sec-
21 tion 253(b) of the Foreign Assistance Act of 1961,
22 as amended by section 4 of this Act, including the
23 quality of such monitoring system.