

# Microfinance

## DESCRIPTION

Microfinance funding provides people with access to financial services such as credit, savings, and insurance. Ensuring economic growth is broad based and reduces poverty has become a fundamental development challenge. Poor people in the developing world, particularly women, often lack access to safe places to keep their savings, making it difficult to obtain credit to start and grow their businesses.

## WHAT DOES THIS BUY?

Funds are provided to partners through grants, cooperative agreements, and other mechanisms to implement programming to improve the quality and affordability of financial services, extend access to excluded populations such as women, the disabled, and those living in remote areas, and assist small-holder farmers and small-business entrepreneurs in selling their products by linking them with buyers and suppliers of good and services.

## JUSTIFICATION FOR THE REQUEST

- According to the World Bank, “[g]lobally, about 1.7 billion adults remain unbanked – without an account at a financial institution or through a mobile money provider. Fifty-six percent of all unbanked adults are women.” These funds help close that gap.
- Funds **improve the lives of the very poor, helping them to recover from shocks such as a flood or death in the family, protect themselves against risks such as illness or drought**, and steady home food and family purchases to create “breathing space.”
- Funds support programs that **help small businesses** access new inputs, technology, and services that improve their products, attracting purchasers. By strengthening new business associations, funds increase and expand access to microfinance lending, build institutional technical capacity, and support entrepreneurship and employment opportunities.

## U.S. INTEREST

Access to financial services and the development of microenterprise are important to the stable growth of developing countries and the development of free, open, and equitable international economic systems. Therefore, it is in the best interest of the U.S. to facilitate access to financial services and assist in the development of microenterprise in developing countries.

# Looking to the Future

## Microfinance – TITLE VII

### BOLD VISION

- Additional investment could increase the number of poor people with access to banks and the financial sector, strengthen markets, and better stabilize communities.
- Additional investment promotes the development of emerging economies and further encourages the inclusion of women in markets.
- Additional funds could reinforce the path to resilience as development assistance becomes less necessary.

### IMPACT OF CUTS

- Cuts will prevent people in developing countries from accessing and securing capital, resulting in continued financial instability, inequality, and deepening poverty.
- Cuts could mean longer dependence on foreign assistance. Access to capital for small and medium enterprises steadies personal incomes and communities, grows local markets, and helps pave the way to self-reliance.

<sup>1</sup> “The Global Findex Database 2017,” The World Bank. <https://globalfindex.worldbank.org/>.

### 5 YEAR FUNDING HISTORY

■ House     ■ Senate     *Funding levels may not accurately reflect those in the appropriations bills and/or reports due to rounding.*

