

MICROFINANCE

MINIMUM REQUIREMENT FY 2021

\$265 MILLION

FY 2020 President's Request: N/A
FY 2020 Enacted: \$265 Million

WHAT IS THE MICROFINANCE PROGRAM?

Microfinance funding provides people with access to financial services such as credit, savings, and insurance. Ensuring economic growth is broad-based and reduces poverty, which 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 IT 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.

WHY IS IT IMPORTANT?

- ▶ According to the World Bank, “Globally, about 1.7 billion adults remain unbanked—without an account at a financial institution or through a mobile money provider—56% of all unbanked adults are women.” These funds help close that gap.
- ▶ Funds improve the lives of the very poor, helping them 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 an institution’s technical capacity, and support entrepreneurship and employment opportunities.

WHY SHOULD AMERICANS CARE?

- ▶ Access to financial services and the development of microenterprise are essential to the stable growth of developing countries and the development of free, open, and equitable international economic systems.
- ▶ It is in the interest of the U.S. to facilitate access to financial services and assist in the development of microenterprise in developing countries to develop future trading partners and export markets.



WHAT MORE COULD BE DONE?

- ▶ Added investment could increase the number of poor people with access to banks, strengthen markets, and better stabilize communities while promoting the development of emerging economies and further encourages the inclusion of women in markets.
- ▶ Access to capital for small and medium enterprises steadies personal incomes and communities, grows local markets, and helps pave the way to self-reliance. Increased funding could reduce the need for foreign assistance in the long-term.
- ▶ Additional funding could allow more people in developing countries to access and secure capital, resulting in improved financial stability, equality, and wealth, and reinforce the path to resilience as development assistance becomes less necessary.

6 YEAR FUNDING HISTORY

(In millions)

