



2007 Priority Issues

Funding for Microenterprise Development

The World Council of Credit Unions, Inc. (WOCCU) and the Credit Union National Association (CUNA) urge Congress to support funding for microenterprise development by USAID at the level of \$250 million, with \$30 million of that designated for the Office of Microenterprise Development for FY08

Background -- The FY07 appropriations report increased the requested funding level for microenterprise development from \$200 million requested in FY05 and FY06 to \$225 million, and again recommended \$30 million for the Office of Microenterprise Development. In December 2004, the Microenterprise Results and Accountability Act was passed by Congress and signed into law. It authorizes \$25 million for the Office of Microenterprise Development each year. Despite this clear Congressional intent, USAID has yet to fully fund the Office of Microenterprise Development, designating only \$16.9 million for the office in FY05, \$18 million in FY06, and an estimated \$16 million for FY07. These funding levels fall well below the \$25 million recommended by Congress and indicate only lukewarm support within USAID for an initiative that targets assistance at the world's poorest households.

Report Language -- We support the following suggested report language which repeats last year's requested funding level and includes a carveout for USAID's Office of Microenterprise Development:

The Committee provides \$250,000,000 from all accounts in this act for microfinance and microenterprise development programs for the poor, especially women. The Committee expects USAID to preserve the viability of leading private NGO microfinance networks and PVOs in order to maximize the assistance to poor clients.

The Committee directs that 50 percent of funds available should be for grants to private nongovernmental organizations, networks, and practitioner institutions and that \$30,000,000 should be provided to USAID's Office of Microenterprise through a central funding mechanism for contracts, cooperative agreements and grants.

WOCCU/CUNA also urge Congress to support funding for USAID's Cooperative Development Program (CDP) at the level of \$12 million for FY08.

Background -- The Cooperative Development Program received \$10 million in the Committee-approved FY2007 House and Senate Foreign Operations Appropriations bills. Despite the inclusion of \$10 million for CDP in FY06 foreign operations appropriations, USAID actually allocated \$7 million, and it intends to provide only \$5.2 million in FY07. In addition, USAID has announced a decision to eliminate the Office of Private and Voluntary Cooperation, suggesting greater disinterest within USAID for the Cooperative Development Program.

Earmark Language -- Provided, that not less than \$12,000,000 shall be provided for cooperative development programs within the Office of Private and Voluntary Cooperation.

Report Language -- We support the following suggested report language which combines previous report language from the House and the Senate:

The Committee has repeatedly recognized the important role that U.S. cooperatives and credit unions play in overseas programs as a means to lift low-income people out of poverty through their own efforts by mobilizing equity and savings for community-based economic growth. The Committee has been disappointed that the Agency for International Development has not heeded the Committee's recommendations for funding for these programs. The Committee directs that no less than \$12,000,000 be used for the cooperative development program.