



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 24, 1999

H.R. 1143 **Microenterprise for Self-Reliance Act of 1999**

*As ordered reported by the House Committee on International Relations
on March 17, 1999*

SUMMARY

H.R. 1143 would authorize grants and loans to capitalize institutions that would make very small loans to the poor in developing countries. It would also authorize training and technical assistance to customers and managers of such institutions. In addition, the bill would create a loan facility that would offer subsidized loans to such institutions should they face bankruptcy due to natural disasters, wars, or severe financial crisis. CBO estimates that appropriation of the authorized amounts would result in additional outlays of \$291 million over the next five years. Because H.R. 1143 would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1143 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

BASIS OF ESTIMATE

Under current law, the Administration provides grants and loans to small-scale financial institutions through several different programs. H.R. 1143 would authorize additional appropriations of \$152 million in 2000 and \$167 million in 2001 for grants and \$2 million in 2000 and 2001 for the administrative costs and credit subsidies for microenterprise programs. The estimate assumes that the authorized amounts would be appropriated for each year and that outlays would follow historical patterns for similar programs.

| | By Fiscal Year, in Millions of Dollars | | | | |
|--|--|------|------|------|------|
| | 2000 | 2001 | 2002 | 2003 | 2004 |
| SPENDING SUBJECT TO APPROPRIATION | | | | | |
| Authorization Level | 159 | 174 | 0 | 0 | 0 |
| Estimated Outlays | 12 | 89 | 114 | 50 | 26 |

H.R. 1143 would also create a loan facility to assist U.S.-sponsored, microfinance institutions that face bankruptcy due to natural disaster, war, or severe national financial crisis. The bill would authorize up to \$5 million annually for subsidized loans in 2000 and 2001. Funds for the facility would be in addition to the amounts specifically authorized by the bill. CBO estimates that the facility would spend \$9 million over the next five years, assuming appropriation of the authorized amounts.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1143 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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