

BEYOND MICROFINANCE: EMPOWERING WOMEN IN THE DEVELOPING WORLD

HEARING BEFORE THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES

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CONTENTS

	Page
WITNESSES	
Ms. Mary Ellen Iskenderian, president and chief executive officer, Women's World Banking	4
Tavneet Suri, Ph.D., associate professor of applied economics, Sloan School of Management, Massachusetts Institute of Technology	9
The Honorable Melanne Verveer, executive director, Georgetown Institute for Women, Peace and Security, Georgetown University	22
LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING	
Ms. Mary Ellen Iskenderian: Prepared statement	7
Tavneet Suri, Ph.D.: Prepared statement	11
The Honorable Melanne Verveer: Prepared statement	24
APPENDIX	
Hearing notice	60
Hearing minutes	61
The Honorable Eliot L. Engel, a Representative in Congress from the State of New York: Material submitted for the record	63
The Honorable Gerald E. Connolly, a Representative in Congress from the Commonwealth of Virginia: Prepared statement	71

BEYOND MICROFINANCE: EMPOWERING WOMEN IN THE DEVELOPING WORLD

WEDNESDAY, JULY 12, 2017

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:11 a.m., in room 2172, Rayburn House Office Building, Hon. Edward Royce (chairman of the committee) presiding.

Chairman ROYCE. This hearing will come to order. If I could ask the members here to take their seats.

This hearing is the fourth in our series of hearings to examine the challenges and opportunities facing women worldwide.

Today we consider some of the barriers to economic empowerment that women face in developing countries and what that means for them, what it means for their families, and what it means for their communities.

Now, all countries stand to benefit from women's increased economic participation. But the potential gains are particularly great across the developing world, due to the extent of the constraints that so many women face on their ability to own property, their ability to access financial services, or work outside the home. Consider that women in more than half the world's countries face limits on their ability to own or manage property, while women-led small to medium-size firms in developing countries face an estimated \$285 billion credit gap.

As renowned Peruvian economist Hernando de Soto explained when he testified before this committee, one of the primary sources of stagnant growth and unrest in developing economies is a lack of property rights, and the resulting exclusion of workers, including women, from the formal economy.

These constraints directly harm women by preventing them from working, from saving, and from controlling their own future. But they also harm economic growth and they harm stability. In fact, a multitude of studies project huge gains of global GDP from increases in women's economic participation.

Perhaps that is why, after de Soto helped reform the customary laws in his native Peru to make it easier for Peruvian women to work and to own property, women's formal labor force participation increased by 15 percent in that country. As a result, Peru became one of the fastest-growing economies in Latin America.

We have reason to be optimistic that this type of success can be replicated. More developing nations are beginning to understand

the importance of women's economic inclusion and are taking steps to reform their laws and to address inequities. The U.S. has a critical leadership role to play in continuing to promote such reforms. Our economic, humanitarian, conservation, and many other interests around the world are better served when women are empowered and when economies are growing.

Fortunately, new technologies are making women's economic participation more possible than ever. In decades past, microfinance loans were championed to combat extreme poverty. But microfinance is not a cure-all for those living in poverty, particularly those women who face so many additional challenges to their economic empowerment.

In recent years, however, an exciting array of financial technologies, like mobile money, have sprung up across the developing world. This presents tremendous opportunity for impoverished communities and women in particular.

And so I look forward to hearing from our distinguished panel today about how the U.S. Government can better help ensure women's inclusion in the rise of "Microfinance 2.0."

And I now turn to our ranking member, Mr. Engel, for his remarks.

Mr. ENGEL. Mr. Chairman, thank you for calling this hearing.

To our witnesses, welcome to the Foreign Affairs Committee.

Ambassador Verveer, I am especially grateful that you were able to join us. I know you had to rearrange some travel to be here. Your work as our country's first-ever Ambassador-at-Large for global women's issues made a lasting difference all over the world. And I hope that the administration sees the value of this position and appoints a new Ambassador soon, along with so many other positions at State awaiting nominees.

And I want to thank Dr. Suri and Ms. Iskenderian. I hope I didn't butcher that. Thank you so much. We look forward to all of you testifying.

We use the word "empowerment" a great deal when it comes to women's and girls' issues. And honestly, I think it is a bit of a misnomer. Women and girls are powerful and we know what happens when that power and potential are unleashed—communities thrive, local and global communities grow, societies prosper and become more inclusive and equitable. If women were full participants in the global economy, we would see an additional \$12 trillion to \$28 trillion in growth in global GDP by the year 2025.

Certain innovations, such as microfinance and mobile banking, have driven progress in women's economic participation, but they aren't close to a silver bullet. A woman without a mobile phone cannot take advantage of these tools. A woman without a birth certificate might not even be able to open a bank account. And in too many places around the world much bigger roadblocks stand in the way of women exercising their full potential. Roadblocks caused by poverty or lack of opportunity or by legal barriers or cultural and societal norms that treat women as second-class citizens.

So when it comes to promoting economic access and participation for women, I think we should focus on getting these obstacles out of the way and make it easier for women and girls around the world to put their power to work.

Now, in my view, making economies more inclusive for women is simply the right thing to do. It is just wrong that women anywhere are denied access to the same economic opportunities as men. And that is true in the United States as well. We might not want to deal with it, we might not want to confront it, but it is true.

But this is the Foreign Affairs Committee, so we also need to ask: Why is women's economic opportunity a foreign policy priority? Well, it is easy: All those benefits of women's full economic participation I mentioned earlier—stronger, more stable societies—are also in our national interest. We want to see economies thrive, governments become more responsive, countries become stronger partners on the global stage.

Full participation of women is directly tied to these outcomes. So from a strategic standpoint, this is good, smart policy that strengthens American security.

The aim of our policy then should be to identify and meet the challenges that hold women back from full economic participation. When we start to look at those challenges, we find that women's economic participation is closely tied to a range of other issues that disadvantage women and girls in the developing world.

For example, a young girl who is denied an education won't become financially literate or learn the skills needed to compete in the marketplace. Girls forced into child marriage won't have a chance to contribute to their local economies. Women who are victims of gender-based violence and domestic abuse are less likely to get ahead economically.

Perhaps most importantly, access to quality healthcare, including family planning, is critical to women's economic success. The evidence is indisputable: Improving women's access to contraception improves their economic well-being. Women who are able to plan and even delay childbirth are more likely to get an education, raise their standards of living, and climb out of poverty.

That is one reason American policy has focused on expanding access to family planning around the world. These efforts have seen good results. In the 27 countries with the biggest USAID-supported programs, the rate of modern contraception use has risen from under 10 percent a half century ago to 37 percent today, a good jump, but it shows we still have a long way to go.

Now, the Trump administration has said that it supports efforts to empower women and girls around the world, but its budget proposal tells a different story. The Trump budget completely zeros out funding for international family planning and reproductive health and eliminates American support for the United Nations Population Fund, the largest purchaser and distributor of contraception globally.

On top of that, the administration has reinstated and expanded the global gag rule, which we know has devastating effects on women's health around the world. This is a disgrace which will set women back across the globe.

Addressing women's economic participation requires a broad-based, integrated, detailed-oriented, and comprehensive approach that deals with all the issues I mentioned, plus a host of others. The wrong approach is to cut our diplomacy and development by nearly a third.

Fortunately, Congress has the last word on how much we spend on foreign policy priorities, and I will continue to fight for a robust investment in these areas. So I look forward to hearing from our three excellent panelists on these issues.

And I thank you again, Mr. Chairman, for calling attention to this issue.

Chairman ROYCE. Thank you very much, Mr. Engel.

So this morning we are pleased to be joined by a distinguished panel, which includes Ms. Mary Ellen Iskenderian. She is president and CEO of Women's World Banking, which is a nonprofit devoted to helping low-income women in developing countries access key financial tools and resources.

And we have Dr. Tavneet Suri, associate professor at the MIT Sloan School of Management. She focuses on the impact of digital finance services in developing economies.

And we have Ambassador Melanne Vermeer, who served as the former Ambassador-at-Large for Global Women's Issues at the State Department. She currently is the executive director of the Georgetown Institute for Women, Peace and Security.

Without objection, the witnesses' full prepared statements will be made part of the record. Members are going to have 5 calendar days to submit any statements or questions or any extraneous material for the record. And if we could ask everyone to summarize your remarks that would be best, and then we will go to the questions.

So, Ms. Iskenderian, if you would like to start.

STATEMENT OF MS. MARY ELLEN ISKENDERIAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, WOMEN'S WORLD BANKING

Ms. ISKENDERIAN. Thank you, Mr. Chairman.

Members of the House Foreign Affairs Committee, thank you for inviting me to speak with you today. My name is Mary Ellen Iskenderian, and I am president and CEO of Women's World Banking.

For nearly 40 years we have listened to low-income women in developing countries describe their need for financial services and then worked with local banks, insurance companies, and, increasingly, cell phone companies to tailor convenient and affordable savings, insurance, and credit products to meet those needs. Women's World Banking currently works with 49 partners in 32 countries to reach 44 million clients.

But Women's World Banking can't do this alone. The Global Findex tells us that 1.1 billion women, more than half of the world's unbanked population, do not have an account at a bank, while hundreds of millions more do not have access to the full set of financial products. In addition, women own roughly one-third of the 200 million businesses in emerging economies that have no or insufficient access to credit.

Providing these women with basic financial services, that fundamental first step toward economic empowerment, can unlock unprecedented economic growth and job creation and can have a direct impact on development outcomes such as health, education, food security, and water and sanitation.

Women spend, save, and invest money in profoundly different ways than men. One such difference: When women have discretion over their financial choices they prioritize spending on their families. On average, women spend 90 cents out of every dollar earned on education, healthcare, and housing, in comparison to men's 60 cents.

Improving a woman's financial access brings with it a multiplier effect that will be critical to realizing the potential of financial inclusion for reducing poverty and driving economic growth.

I am pleased to note that you have entitled this hearing "Beyond Microfinance." The traditional microfinance institutions established an important principle: Low-income people and women in particular can borrow responsibly. But over the years we have learned that, like all of us, low-income people have complicated financial lives that require more than just a one-size-fits-all microloan.

Fortunately, a broad range of providers, including mainstream commercial banks and insurance companies, as well as payments providers, mobile network operators, and fintech companies, has emerged to meet these needs.

Yet low-income women face a number of barriers that hinder their access to these services. I will touch briefly on just three of them along with some potential solutions.

First, millions of women lack the documentation and other forms of identification to open even a simple savings account. India has recently implemented an innovative biometric ID system that has dramatically expanded access to financial services. Elsewhere, tiered "know your customer" requirements allow women to open no-frills savings accounts with minimal documentation.

The second barrier women face is a lack of collateral. Women generally have fewer assets to pledge to a bank and in many countries are legally barred from owning or inheriting land. In response, some countries have established movable collateral registries that better reflect the types of assets women can provide to satisfy bank requirements.

Finally, more than 1.7 billion women in low- and middle-income countries do not even own a cell phone. This lack of access to technology, combined with lower financial and digital literacy, prevents them from fully utilizing digital financial services. Once women gain access to their own phone and some basic training, however, their usage levels parallel men's.

Despite these barriers, I am optimistic about the opportunities presented by women's financial inclusion. The United States can play an important role in accelerating those opportunities by joining other developed countries that are investing in women's financial inclusion, often led by their country's gender Ambassadors.

The United States can use its influence at the G-20 and other fora to push for implementation of more national financial inclusion strategies that have explicit gender targets. USAID, OPIC, and even Ex-Im could catalyze more private sector investment by including requirements in their programs to serve women. They could also engage in public-private partnerships that serve to derisk private sector investment.

Distinguished committee members, thank you for calling attention to the role that women's financial inclusion plays in building stronger families, communities, and economies.

[The prepared statement of Ms. Iskenderian follows:]

Mary Ellen Iskenderian, President and CEO, Women's World Banking

House Committee on Foreign Affairs

July 12, 2017 at 10:00AM: "Beyond Microfinance: Empowering Women in the Developing World"

Members of the House Foreign Affairs Committee, thank you for inviting me to address you today. My name is Mary Ellen Iskenderian and I am President and CEO of Women's World Banking. For nearly 40 years, we have listened to low-income women in developing countries describe their needs for financial services and then worked with local banks, insurance companies – and increasingly – cellphone companies -- to tailor convenient and affordable savings, insurance, and credit products to meet those needs. Women's World Banking currently works with 49 partners in 32 countries to reach 44 million clients.

But Women's World Banking can't do this alone. The Global Findex tells us that 1.1 billion women – more than half of the world's unbanked population -- do not have an account at a bank, while hundreds of millions more do not have access to the full set of financial products. In addition, women own roughly one-third of the 200 million businesses in emerging economies that have no or insufficient access to credit. Providing these women with basic financial services – that fundamental first step toward economic empowerment -- can unlock unprecedented economic growth and job creation and can have a direct impact on development outcomes such as health, education, food security, and water and sanitation.

Women spend, save and invest money in profoundly different ways than men. One such difference: when women have discretion over their financial choices, they prioritize spending on their families. On average, women spend 90 cents out of every dollar earned on education, health care, and housing, in comparison to men's 60 cents. Improving a woman's financial access brings with it a "multiplier effect" that will be critical to realizing the potential of financial inclusion for reducing poverty and driving economic growth.

I'm pleased to note that you have entitled this hearing "*Beyond* Microfinance." The traditional microfinance institutions established an important principle: low-income people – and women in particular -- can borrow responsibly. But over the years we've learned that, like all of us, low-income people have complicated financial lives that require more than just a "one size fits all" microloan. Fortunately, a broad range of providers, including mainstream commercial banks and insurance companies as well as payments providers, mobile network operators and fintech companies has emerged to meet these needs.

Yet low-income women face a number of barriers that hinder their access to these services; I'll touch briefly on just three of them along with some potential solutions. First, millions of women lack the documentation and other forms of identification to open even a simple savings account. India has recently implemented an innovative biometric ID system that has dramatically expanded access to financial services. Elsewhere, tiered "Know Your Customer" requirements allow women to open "no frills" savings accounts with minimal documentation.

The second barrier women face is a lack of collateral. Women generally have fewer assets to pledge to a bank and in many countries are legally barred from owning or inheriting land. In

response, some countries have established moveable collateral registries that better reflect the types of assets women can provide to satisfy bank requirements.

Finally, more than 1.7 billion women in low and middle-income countries do not even own a cell phone. This lack of access to technology combined with lower financial and digital literacy prevents them from fully utilizing digital financial services. Once women gain access to their own phones and some basic training, however, their usage levels parallel men's.

Despite these barriers, I am optimistic about the opportunities presented by women's financial inclusion. The United States can play an important role in accelerating those opportunities by joining other developed countries that are investing in women's financial inclusion, often led by their country's Gender Ambassadors. The United States can use its influence at the G20 and other fora to push for implementation of more national financial inclusion strategies that have explicit gender targets. USAID, OPIC and even ExIm could catalyze more private sector investment by including requirements in their programs to serve women. They could also engage in public-private partnerships that serve to "de-risk" private sector investment.

Distinguished committee members, thank you for calling attention to the role that women's financial inclusion plays in building stronger families, communities and economies.

Chairman ROYCE. Dr. Suri.

STATEMENT OF TAVNEET SURI, PH.D., ASSOCIATE PROFESSOR OF APPLIED ECONOMICS, SLOAN SCHOOL OF MANAGEMENT, MASSACHUSETTS INSTITUTE OF TECHNOLOGY

Ms. SURI. Thank you, Mr. Chairman Royce, Ranking Member Engel, and members of the committee for hosting this hearing and giving me the opportunity to provide testimony on empowering women in the developing world. I would like to offer three main messages today.

First, although there has been truly remarkable progress in alleviating global poverty across the world, the progress of women has not kept up with that of men. We have a long way to go toward gender equality in the developing world. For example, only 39 percent of the total workforce is female, only 38 percent of businesses are female-owned even in part.

Second, all that said, it turns out that a number of private sector digital financial technologies are helping even poor women in remote areas join the economy and manage their money more effectively with profound effects on their economic status and empowerment.

Third, to date, though the private sector has created and provided these tools at scale, international aid played a critical role. In this case millions of digital transactions each day in poor countries can be traced back to be a small decision by the U.K.'s international development agency to fund a pilot of a new idea. Good, data-driven thinking which brings together government and private sector innovations can bring big payoffs.

This hearing is aptly titled "Beyond Microfinance." For many years microfinance was thought to be key to lifting poor women out of poverty. We now have very strong evidence from seven different countries showing that it simply does not. There is now a consensus amongst economists that this method of putting poor people into debt is not an effective long-term poverty solution.

But there are new findings suggesting that another area of finance does empower women: Mobile money. In the U.S., services like Venmo or Apple Pay are just taking off. So it may be surprising to hear that Kenya's mobile money system, M-PESA, has been around for 10 years. It lets people send money to one another with just a text message, so it works even on the simplest mobile phones.

And this technology has taken the developing world by storm. There are twice as many mobile money payments every day as there are PayPal ones. There are over 400 million accounts in the developing world, more than half of these in sub-Saharan Africa alone.

With my colleague Billy Jack at Georgetown, over the past 8 years I have been studying what happened to communities in Kenya as M-PESA spread across the country. The first thing we saw was how families deal with financial emergencies. The poor are never more than one emergency away from financial disaster. When a child gets sick, you will do whatever you have to do help them get better. The same holds for Kenyans, but in many families

this meant reducing the amount of food, other basic necessities, or even pulling their kids out of school to be able to pay for medicine.

When M-PESA arrived, families could now phone a friend for help. They could get money from a cousin across the country or a friend in the city. Then in turn, when that friend had an emergency, they would repay the favor.

A few years later we looked at the broader impacts of mobile money. When M-PESA came to an area, it reduced poverty, it lifted an estimated 194,000 households, 2 percent of Kenyan households, out of extreme poverty.

When we dug deeper, we found something we are not used to seeing: The anti-poverty effects were much stronger for women. In fact, an estimated 186,000 women in Kenya were able to switch from subsistence farming into business and sales occupations.

Just giving women more privacy, flexibility, control, and the ability to manage the kinds of financial risks they face seems to have been a massive economic boon to them. And all that from a simple technology. Remember, it doesn't give people cows or loans or any entrepreneurial savvy that they didn't have before.

Our results on women's empowerment are now supported by "fresh off the presses" work showing that cash grants have effects on male-run businesses and not on female-run businesses. But this is in part because even when women are given cash, often their husbands control where it goes. And in India, making government welfare payments electronic and giving women control of those payments by depositing the cash in their bank accounts improved their economic outcomes.

One key message from the M-PESA story is how it started: An idea of two employees at the private cell phone company Vodafone in the U.K., a pilot paid for by the U.K.'s equivalent of USAID, and a resulting, scalable, highly profitable business model.

There is essentially no private sector R&D in developing countries and aid money here acted as crucial R&D capital for the firm. Supporting these sorts of digital innovations and technologies will be key to closing the gender gap in economic opportunities in the developing world.

Thank you again for having me, and I will look forward to any questions you might have.

[The prepared statement of Ms. Suri follows:]

TESTIMONY OF
PROFESSOR TAVNEET SURI, MIT SLOAN SCHOOL OF MANAGEMENT

before the

U.S. HOUSE COMMITTEE ON FOREIGN AFFAIRS

“Beyond Microfinance: Empowering Women in the Developing World”

Wednesday July 12th 2017

Let me start by saying that the world has made remarkable progress in alleviating global poverty. Without a doubt, for most of the world’s population, now is a much better time to be alive, than even thirty years ago. This has happened, not in small steps, but in amazing leaps and bounds. In 1981 an estimated 44 percent of the world’s population was living in extreme poverty, (living daily on less than what \$1.90 buys in the U.S.). In 2013, that number had dropped to a quarter of that, 11 percent.¹

That said, women’s progress has not kept up with men’s in many areas. But, new waves of research are discovering a promising new area, the growth of digital financial tools that help even poor women in remote areas join the economy and manage their even limited means more effectively. This in turns appears to spur increases in women’s economic empowerment.

The financial tools I am speaking about were made possible by an innovative government grant. In this case, millions of private sector digital transactions each day in poor countries can be traced back to a small decision by the UK’s international development agency to fund a pilot of a new idea. When government agencies commit to innovation, small grants can lead to large outcomes by bringing in private sector actors. As in the UK, we are starting to see similar innovation within the broader U.S. international aid community, using Silicon Valley style investments. Norfund, a private equity company, established and funded by the Norwegian government, is also a great example. Good data-driven thinking, which brings together government and private sector innovations, can bring big payoffs.

I am here today to talk about what we have learned most recently in women’s economic empowerment in developing countries, and particularly how the spread of new financial tools is affecting women’s lives. Gender equality is one of the Sustainable Development Goals (SDGs) set forth by the UN, an agenda set out to ensure global prosperity. It is well documented in the developing world that women lag behind men in economic access and outcomes. For example, only 39% of the total workforce in low and middle income countries is female; only 38% of firms have any female participation in ownership; and only 22% of seats in national parliaments are held by women.

¹ Based on World Bank data. Roser, M. and E. Ortiz-Ospina, 2017. Global Extreme Poverty. Published online at OurWorldInData.org. Retrieved from: <https://ourworldindata.org/extreme-poverty/>.

These statistics show that we have a long way to go towards gender equality in the developing world. However, new findings from rigorous research point to opportunities for women to become more empowered and economically self-sufficient. These come thanks to a number of new financial tools that bring simple economic capabilities many women have historically lacked to anywhere within reach of a mobile phone network. In particular, the findings point to the catalyzing role governments can play in paving the way for private sector innovation.

As such I will focus in my testimony on two important components. The first component is women's access to financial services and their financial wellbeing. The second component is enhancing the use of enabling technology, in particular information and communications technology, to promote the empowerment of women. These two aspects have fundamental effects on women's economic opportunities and whether they are able to move out of extreme poverty. As Figure 1 shows, the percentage of women having their own account at any financial institution is not just low, but it lags behind that for men across most of the developing world. As my testimony will highlight, digital technology is key to expanding the access of women to a wide variety of tools that enhance their economic wellbeing.

1. Financial Health and Wellbeing: The Role of Mobile Money

In economics, we use the term "financial health" as a shorthand for the ability to use basic tools you and I take for granted to manage our daily financial lives. These include access to a bank account to save for the future and buffer against hard times, to payment systems for conducting business, and insurance, so that we don't have to borrow and go into debt when inevitable life setbacks occur. These tools are all the more important for the world's poor, who on any given day, may only have a dollar or two of solvency they have to use wisely to keep their families going and stay above financial disaster.

We know though, that by and large, the world's poor are not poor because of bad decision making, they are poor because they were born in poor locations and in poor circumstances. But data from every corner of the globe shows us time and again that when they get access to the basic financial tools that you and I use every day, they start to engage in commerce, save, and make good financial decisions. Women in particular, start to become more empowered and financially self-sufficient and more economically successful when they get the ability to make secure and private payments.

I want to discuss one example from my research of how important financial health is for women in the developing world. That is the example of mobile money, essentially an "app" that works on "dumb" phones via old fashioned text messages, allowing anybody with even the most basic mobile phone to deposit, transfer and withdraw money from an account on their phone without actually owning a bank account. Imagine Apple Pay, PayPal or Venmo but without a credit card or bank account behind the payments. Mobile money is distinct from mobile banking as there are no bank accounts behind each mobile money account, just a phone number tied to a virtual account and a digital record of the money in and the transactions on your account.

However, easy as it is to transmit money over wireless networks, at the end of the day, one still needs to be able to put cash in and get cash out. Though a mobile money account feels like a bank account for a consumer, the back end is quite different. The money in a mobile money account is virtual and it trades one for one with cash (minus a transaction account for withdrawals and for sending money to another phone). When a customer deposits money in his mobile money account he will do so at a mobile money agent and he is, in fact, purchasing an equivalent amount of virtual money. The agent he deposits at must therefore have a stock of virtual money to “sell” to the consumer. These agents therefore provide the cash in/cash out services for a consumer: they have to go to an agent to deposit or withdraw cash. The primary role of the agent is to manage the stocks of cash and virtual money he holds.

Who are these agents? They are all existing business and entrepreneurs who sell prepaid phone credit or are small businesses selling basic groceries, existing gas stations, drug stores, tailors, etc. – common small, often informal businesses which exist even in the most remote villages. As of December 2014, there were about 2.5 million agents globally, with the network growing at 25.2% annually.²

Given the mobile phone is now ubiquitous in the developing world (with a billion subscribers in India and over 680 million in Sub-Saharan Africa), mobile money has been quickly adopted as an easy add-on to the mobile phone. There are now over 270 mobile money services (most offered by telecommunications companies or private entrepreneurs) across 93 different countries and over 100 more services planned in the near future. There are more mobile money accounts than bank accounts in 19 countries, and there are at least ten times as many mobile money agents as bank branches in 37 countries. There are over 400 million accounts in the world, over 220 million in Sub Saharan Africa, and over 30 million transactions are completed a day (more than twice PayPal across the world).³ Figure 2 shows the adoption of mobile money accounts across the world.

Let me now turn to what mobile money actually does and why it improves economic opportunities for women. This is based on research I have been conducting over the past eight years on the most prominent mobile money service in the world, which is in Kenya and is called M-PESA (M for mobile and PESA means money in Swahili).

Over the past eight years, we have studied the adoption and impacts of mobile money in Kenya. Towards the end of my testimony, I will talk about innovations that have followed M-PESA in Kenya and the role of technology in expanding women’s economic opportunities further.

The story behind M-PESA is an interesting and relevant one. The idea came from Britain, from two employees at Vodafone who thought up this technology as a way for individuals to pay off

² The requirements to become an agent vary across countries. Finally, the cash deposited in mobile money accounts is ultimately held in the banking system, often pooled in one or two trust accounts in particular banks. The consumer who has an account has ownership over this trust account and their value of digital money is recorded in the trust account but they cannot interact with the trust account through banks, they have to use the mobile money agents across the country to deposit or withdraw money.

³ See Groupe Speciale Mobile Association (GSMA), 2015. State of the industry: Mobile Financial Services for the Unbanked.

microfinance loans digitally. They raised money (a challenge grant) from the UK government's equivalent of USAID, the Department for International Development, to pilot the technology in Kenya. The pilot led to a very different product and hence business model than originally thought but also led to the fastest adopted digital technology in the world.

Why was M-PESA so popular? The reason is that it filled a very core and basic financial need for individuals in Kenya and is doing so across the developing world now.

A key component of financial wellbeing is something we refer to as financial resilience, i.e. how people manage risk.⁴ It is the ability of individuals to deal with unexpected setbacks that happen in their lives. Financial resilience is a function of three core aspects of an economy: (i) access to banks and the ability to save money in these banks for a rainy day, (ii) access to private markets for insurance (for example health insurance), and (iii) the extent the government provides social safety nets (for example, unemployment insurance). In the developed world, these three segments are important to financial resilience. In the developing world, bank accounts are not easy to access (see Figure 1), only the very rich can afford private insurance and the governments often do not have large budgets for social safety nets. What does this mean for poor households in these economies?

The poor, even those who eke out a living, are never more than one drought, flood, or illness away from personal disaster. Given how risk is a pervasive part of their lives,⁵ how do poor households in these economies survive? One way the poor manage risk is through what we call "informal insurance" – which is an economist's way of saying borrowing from a friend when you get into trouble, and only paying back when they get into trouble. This essentially means they use their social networks as insurance. For any kind of insurance to work, you need the person helping you out to be in a better situation than yourself, and borrowing from a friend is no different. If you are a farmer suffering through a drought, your neighbor is probably in the same situation, so you will want to borrow from someone who looks as different from you as possible. Typically that means someone far away. In these countries it used to be very difficult and expensive to transport cash across a long distance. It would have to pass through several sets of hands and usually a bus ride or two. Each time it the cash from your distant friend or cousin changed hands on its way to help you meant more expense and risk.

There has been over twenty years of research documenting these informal insurance relationships in a wide variety of developing economies, showing they do have impacts on financial resilience and economic wellbeing. However, they are far from perfect since moving cash over distances in these economies is difficult and comes with costs and risks. And, the further away your social network, the more expensive and difficult it is to share money and hence insure yourself. These costs that we refer to as transaction costs ultimately limit the extent of your insurance network by

⁴ Both the Center for Financial Services Innovation and the Consumer Financial Protection Bureau include resilience as part of their definitions of financial well-being. CFSI includes "ability to be resilient in the face of inevitable ups and downs", and CFPB included "capacity to absorb a financial shock".

⁵ The unexpected bad events we studied in our work on Kenya were: death or illness of a household member, accidental or violent injury, loss of employment, failure/loss of business, death of livestock, crop disease, theft, robbery, burglary, assault, fire, drought, floods and unexpected price rises. Just under half of households report experiencing one such event in our data.

limiting the distance these networks can engage and hence what sorts of risks can be mitigated. If I only need a few dollars to buy some medication, it makes no sense to spend several dollars in transaction costs to get me the money.

In 2007, before M-PESA was introduced, the average Kenyan would have to walk about 6 miles each way to get to a bank.⁶ So, how did the money for informal insurance travel around? It would largely be transported in person or via buses. With the launch of M-PESA, these distances effectively shrunk dramatically. There are currently over 130,000 mobile money agents in Kenya (there is an order of magnitude smaller number of bank branches in the country). The average transaction in 2008 travelled 200km for just 35 cents, as opposed to a \$4.60 bus ride. By 2015, 68% of Kenyans lived within a 15 minute walk of an M-PESA agent.⁷ Financial resilience transactions were suddenly safer, cheaper, easier and quicker.

Now what does all this have to do with women? Let me discuss our findings on M-PESA. Between 2008 and 2014, we collected data on households across most of Kenya to understand the impacts of M-PESA. Over these eight years we have two key headline sets of findings.

In our first studies,⁸ we showed that M-PESA improved financial resilience. We find that when unexpected setbacks happen, those with access to M-PESA are able to manage their lives better. We measure this by looking at how much households have to reduce their expenditures when an unexpected bad event happens, i.e. if an income earner gets sick or if there is a drought, does the loss of income imply that the household can no longer afford to purchase food and necessities for themselves. If there is a reduction in expenses at the time of a bad event, then the household is not financially resilient. We found that M-PESA improved resilience – when something bad happens, households with access to the technology did not have to reduce their expenditures as much.⁹ The response of households to health events is particularly instructive as an example (as illustrated in Figure 3). When households in Kenya have an unexpected health crisis, they will all spend on medication, irrespective of whether they are extremely poor or not, irrespective of whether have access to M-PESA or not. However, those without access to M-PESA will have to take the money they spend on medication out of their budget for other items, in particular they reduce food spending and non-food spending, specifically education. For those households with access to M-PESA, they are able to not just spend on medication but also increase their expenses on food and other items that may be of help.

⁶ 32% of Kenyan households lived more than 10 km from a bank branch and 19% more than 20 km from a bank branch.

⁷ The average distance to an M-PESA agent was under a mile by 2015.

⁸ See Suri, T., Jack, W. and Stoker, T.M., 2012. Documenting the Birth of a Financial Economy. Proceedings of the National Academy of Sciences, 109(26), pp.10257-10262. Also see Jack, W. and Suri, T., 2014. Risk Sharing and Transactions Costs: Evidence from Kenya's Mobile Money Revolution. The American Economic Review, 104(1), pp.183-223.

⁹ For similar results on resilience in Bangladesh, see Lee, J., J. Morduch, S. Ravindran, A. Shonchoy, and H. Zaman, 2017. Poverty and Migration in the Digital Age: Experimental Evidence on Mobile Banking in Bangladesh. Working Paper. Similar findings in Tanzania from Riley E. 2016. Mobile Money and Risk Sharing Against Aggregate Shocks. Working Paper.

The reason they are able to do this is that they are able to reach out their social networks for help – we see that when there is a health setback, they are more likely to receive help, they receive more help (more money on their phones) and they receive help from more different types of people. Since the fee for sending money on M-PESA is not related to physical distance, households with access to M-PESA are able to expand their insurance networks to people who look different from them and who live far away, further improving the efficiency of these informal insurance networks.

Our second study used the latest data from 2014 to trace out what the longer term impacts of M-PESA have been in Kenya.¹⁰ In particular, we find that access to M-PESA reduced extreme poverty in Kenya: it lifted an estimated 194,000 households (2% of Kenyan households) above the threshold for extreme poverty. But, interestingly, we find that these impacts are significantly larger for *female-headed* households. In addition, we find that these results are driven by the improvements in financial resilience and increased savings. But, more importantly, that when M-PESA expanded to a new area, women (both in male-headed as well as female-headed households) changed their main occupation from farming to business or retail. We document that an estimated 186,000 women across Kenya switched occupations in this way.

Why are there impacts in particular for women? Though the study was not able to pinpoint why this may be, we have a number of hypotheses on why a technology like M-PESA affected women's economic opportunities. First, as our initial studies highlighted, M-PESA was able to improve financial resilience. This should then allow individuals to rely on this to make higher risk, higher return investments, knowing that if something goes wrong, they have a network to depend on to insure that risk. Second, it may have given women control over an aspect of their finances. Before M-PESA, since a lot of these person to person transfers were delivered in person, they were very public. Everyone in the household and perhaps even neighbors knew money had arrived and it is likely that the male head of household would have control over the money. M-PESA allows individuals privacy over financial transactions even within a household. Women can receive money that is sent directly to them from their friends and family and therefore may have more control over that money. Finally, it could be that mobile money allows women to save more easily and they are then able to invest these savings into a business.

2. What About Other Financial Services

I am conscious that the hearing today mentions going beyond microfinance, which is particularly apt. Although microloans are very popular, we now have a very large and credible body of research showing that the economic impacts of microfinance are, on average, close to zero. They are a good business, but studies from all over the world show the same thing – putting poor

¹⁰ See Suri, T., and W. Jack, 2016. The Long-run Poverty and Gender Impacts of Mobile Money. *Science* Vol. 354, No. 6317 (2016): 1288-1292.

people into debt is not an effective poverty solution. The loans benefit only a few specific types of individuals and do not lead to any systematic improvements in women's empowerment.¹¹

Similarly, we now have a body of work around micro enterprises (very small businesses). Studies from Ghana, Sri Lanka and Mexico all show that when a business does get cash, through a grant or a loan, male-run businesses do better, but not female-run businesses.¹² However, the gender gaps are not just due to differences in ability, risk aversion or attitudes towards entrepreneurship. Follow-ups to this work are now starting to show that this often happens because even when the money goes to the women running a business, her husband often controls where the money is spent.¹³ It seems that, therefore, allowing women the ability to have financial privacy and control over their incomes or investments could provide value – this fits nicely with our findings on M-PESA.

A recent paper also shows that village savings groups (that are comprised of mostly women) that have near zero transaction costs improve resilience and facilitate savings and investment and also improve women's empowerment, increasing their influence on a wide variety of decision making in the household (including decisions about household businesses).¹⁴ These results paint the same picture as our results on mobile money for women.

Finally, it is worth mentioning a new literature on savings accounts for women, though this is very early stage work. As India digitizes their economy, they have rolled out a universal ID system and linked that to the distribution of government transfers, which has led to a dramatic reduction in leakages and corruption.¹⁵ Similarly, a study in Niger on cash transfers to households showed that switching from a cash transfer to a digital transfer on mobile money led to more discussion within the household on how the cash transfers would be spent, increases in standard measures of women's empowerment and ultimately higher diet diversity and more meals consumed by children.¹⁶ New work shows that allowing women recipients of these transfers to have their transfers linked to and deposited directly into their own bank accounts improves the probability they work and their earnings in India.¹⁷

¹¹ Innovations for Poverty Action and Abdul Latif Jameel Poverty Action Lab, Policy Brief, February 2015. Where Credit is Due. available online at <https://www.povertyactionlab.org/sites/default/files/publications/where-credit-is-due.pdf>

¹² See Woodruff, C. S. de Mel, and D. McKenzie, 2012. One-time Transfers of Cash or Capital have Long-lasting Effects on Microenterprises in Sri Lanka. *Science* 335 (6071) 962-6. Also see Woodruff, C. S. de Mel, and D. McKenzie, 2009. Are Women more Credit Constrained? Experimental Evidence on Gender and Microenterprise Returns. *AEJ-Applied Economics* 1 (3) 1-32.

¹³ See Bernhardt, A., E. Field, R. Pande, and N. Rigol, 2017. Household Matters: Revisiting the Returns to Capital Among Female Micro-entrepreneurs. Working Paper.

¹⁴ See Karlan, D., B. Savonitto, B. Thuysbaert, and C. Udry, 2017. Impact of Savings Groups on the Lives of the Poor. *Proceedings of the National Academy of Sciences*, 114 (12), 3079–3084. The study covers groups in Malawi, Uganda and Ghana.

¹⁵ See Muralidharan K, Niehaus P, Sukhtankar S. 2016. Building State Capacity: Evidence from Biometric Smartcards in India. *American Economic Review*, 106(10):2985–29.

¹⁶ See Aker, J., R. Boumnijel, A. McClelland, and N. Tierney, 2016. Payment Mechanisms and Anti-Poverty Programs: Evidence from a Mobile Money Cash Transfer Experiment in Niger. *Economic Development and Cultural Change*, 65(1).

¹⁷ See Field, E., R. Pande, N. Rigol, S. Schaner, and C. Troyer-Moore, 2017. An Account of One's Own: Can Targeting Benefits Payments Address Social Constraints to Female Labor Force Participation? Working Paper.

All this early stage work highlights the importance of digital technologies in growing the access and use of a variety of financial services by women, services that allow them to improve their economic wellbeing.

3. Future Innovations in Financial Services

Where to from here? Clearly, for the Kenya case, the digital technology component of M-PESA was essential to broadening access. The Kenya example also makes a good case for what may come next. In 2011, the telecom company in Kenya partnered with a bank to offer a fully digital bank account (called M-Shwari), now also offered in Tanzania, Rwanda, Uganda and Cote d'Ivoire, and by other banks and entrepreneurs (including two companies from San Francisco) in Kenya. With these digital bank accounts, individuals can use their mobile phones to open a bank account, deposit money, save and earn interest, withdraw money, request a loan, etc. The deposit and withdrawals happen via M-PESA. Underlying the loan decision is a credit scoring rule that is based on the individual's history of interactions with their phone and their mobile money accounts and sometimes their social networks. There are no loan officers, no bank tellers, and in fact, no rural bank branches. Once the mobile money infrastructure is extensive, it is trivially simple to layer on digital financial services. The digital aspect allows the private sector providing these services to dramatically lower costs: they do not need bank branches as the existing mobile money network provides the cash in and cash out services, they do not need loan officers as algorithms and data allow them to evaluate credit risk, etc. The costs of provision are just dramatically lower in a digital system.

In addition, the telecommunications companies can also layer on a variety of business to consumer and consumer to business payment options on mobile money as has happened in Kenya. Working with government, it is also possible to layer on government transfers that, instead of being handed out in cash, are deposited digitally into recipient accounts, as is happening in India.

Finally, one new layered on service in Kenya is worth mentioning and we are currently running a study to evaluate its impacts on both male and female entrepreneurs in Kenya. Two weeks ago, the Kenyan Treasury (in partnership with the Nairobi Stock Exchange and the telecommunications company) launched a digital 3-year government bond called M-Akiba that can be purchased and sold live in the bond market entirely on any mobile phone.¹⁸ This bond is being marketed as a savings vehicle for low income households as the minimum investment required is only \$30 and it pays a 10% interest per annum. The government is trying to raise \$50m through this bond issue (they already piloted a \$1.5m issue in March 2017).

The big question is then how do we get digital technologies to individuals in the developing world? Who is creating them, who is scaling them? Mobile money has largely been a private sector initiative but I think it provides an interesting example. Much as the technologies are being built and provided by private sector telecommunications companies in the developing

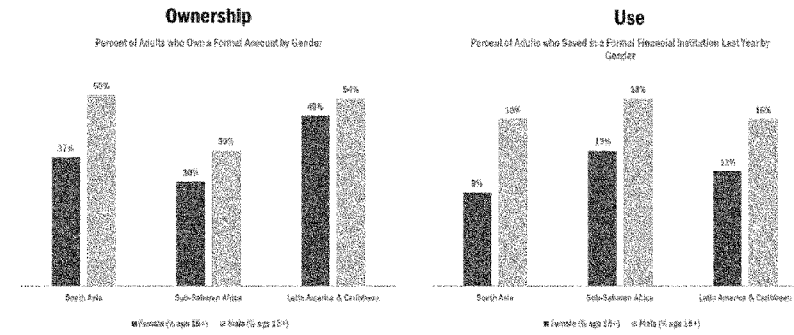
¹⁸ Individuals use the Know Your Customer (KYC) behind their mobile money accounts to open a Central Depository System account through their mobile phone in a few key strokes.

world, the story has some nuance. The Kenya case is by far the most successful and well-known in the developing world. But, the initial investment in piloting the technology was provided by the UK Government's Department for International Development, the UK counterpart to USAID. Even a private sector company the size of Vodafone was not willing to experiment and test the technology and the idea without some seed money from an aid organization. However, the piloting was absolutely essential to the success of the service. The initial idea was for M-PESA to be a way to pay off microfinance loans. However, very few Kenyans have microfinance loans. When the system was piloted, the company realized that people wanted to use it to send money to their friends and family. The company then re-branded the product and, more importantly, built the right business model for this service. The crucial component was to build an extensive agent infrastructure for cash in and cash out. If the main use of the service was going to be sending money long distances, there would need to be agents everywhere in the country. This is one of the key reasons M-PESA has been so successful: not just the technology, but the business model to go along with the main use of the technology.

Clearly, the ability of the private sector to innovate on business models and to scale such technologies is unquestionable. However, it seems that the initial risks may need to be seeded. There is essentially no private sector R&D in the developing world, yet that component is essential. This is a role that clearly aid organizations and donors can play.

Digital technologies and fintech are booming in terms of private investment in some parts of the world. For example, the value of global fintech investment in 2015 was \$22.3 billion, with the US having the largest share, receiving \$4.5 billion in new funding in 2015. China had nearly \$2 billion, India: \$1.65 billion and Germany: \$770 million. While the growth in investments in Asia-Pacific have been dramatic (a fivefold growth between 2014 and 2015), there has been little investment in Sub-Saharan Africa where mobile money systems have no doubt been the most popular. Given that Sub-Saharan Africa has some of the poorest economies in the world, they may also be the economies where the returns to fintech investments are the highest, as illustrated by the case of mobile money in Kenya. Seeding the financial innovations that can build off the success of mobile money and upgrade digital access to the entire spectrum of financial services, especially to women, could potentially have large gains and spur further investments into fintech in the developing world.

Figure 1: Bank Account Ownership and Use by Gender in the Developing World



Note: The numbers for high income OECD countries are at 94% for both males and females

Figure 2: Mobile Money Accounts Across the World

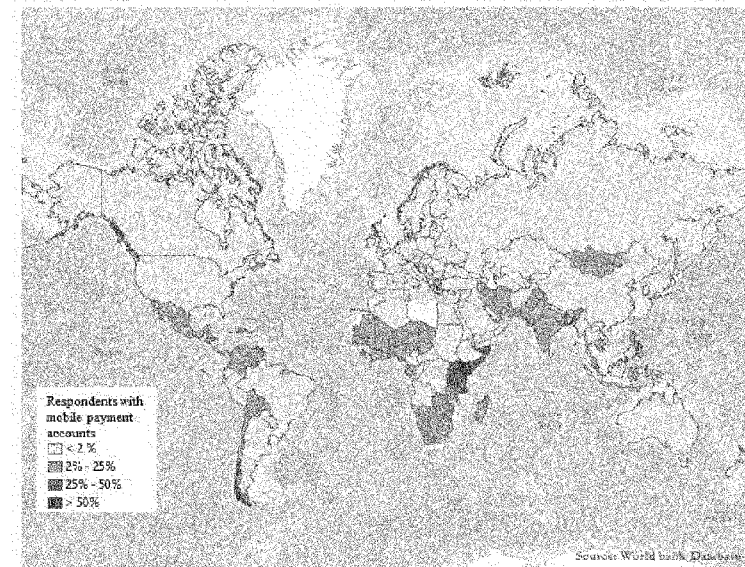
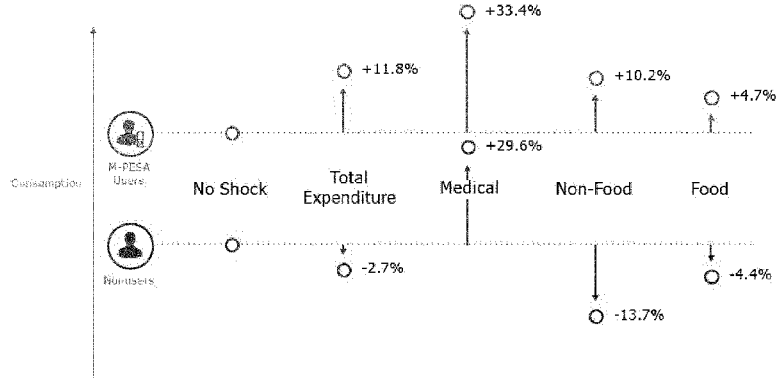


Figure 3: The Response to Health Shocks in Kenya for M-PESA Users and Non-Users



Chairman ROYCE. Thank you.
Ambassador Verveer.

STATEMENT OF THE HONORABLE MELANNE VERVEER, EXECUTIVE DIRECTOR, GEORGETOWN INSTITUTE FOR WOMEN, PEACE AND SECURITY, GEORGETOWN UNIVERSITY

Ambassador VERVEER. Chairman Royce and Congressman Engel and members of the committee, thank you for the opportunity to speak to you today on an issue of critical importance: Increasing women's economic participation and empowerment in developing nations.

Mr. Chairman, let me begin by thanking you for your leadership in focusing on global women's issues. They are in the vital interest of the United States. Countries with declining living standards and inequality are more unstable and pose greater challenges to our own interests and our own security.

Empowering women and girls is fundamentally a moral issue, a human rights issue. It is also smart and it is strategic. It advances our foreign policy as it tackles some of the most pressing issues that confront the globe and America's leadership.

This hearing has to do with one of the great challenges worldwide: How do we grow economies, create jobs, and ensure inclusive prosperity? Today there is a growing body of empirical evidence demonstrating the positive impact of investing in women and girls. From the World Bank, to the World Economic Forum, from countless think tanks and private sector analysts, we know that women represent one of the most powerful economic opportunities the world has ever seen. The McKinsey Global Parity Report found that closing the global gender gap could drive more than \$12 trillion in growth by 2025 if—and this is a big if—much more is done to tackle the obstacles that continue to hold women back.

Micorenterprise development has played an important role in lifting up women at the bottom of the pyramid. However, for them to grow out of their subsistence businesses is not easy. As you have heard, credit is not enough. An intensive package of high-potential interventions is required.

Studies show that women-run SMEs are accelerators of economic growth. SMEs occupy that critical space in economies where jobs are created and economies grow.

Yet, if women are to unleash their potential we must confront and reduce the barriers they confront. They face greater roadblocks than their male counterparts in starting and expanding businesses. Discriminatory laws and customs impede women's efforts. Violence against women is a global scourge. In some places women have no rights to inheritance nor property and very little in the way of legal protection.

Women often lack training, mentors, and networks. Access to technology, markets, and access to finance, as you have heard, is particularly challenging. For female entrepreneurs to unleash their potential, addressing these obstacles will be essential.

Women are also vital to the agriculture sector, and in many developing countries they are the backbone of their economies. Yet subsistence-level women farmers do not have equal access to resources, which limits their productivity. A seminal FAO report

showed that when women farmers can operate on a level playing field, including having land ownership, they can increase their individual yields significantly.

Technology has the potential to revolutionize women's lives in the developing world by providing critical access to information, mitigating health and safety risk, and creating opportunity for financial security and independence. Yet mobile technology, as essential a tool as it is, is still out of reach for many poor women. Its greatest impact will be in mobile banking, which enables women to make the financial transactions that they need and to keep their money safe. But the genuine good news here is that strides are being made in digital financial services that are indeed transforming women's lives.

The challenge we are addressing today is multifaceted, as must be any solution. No one investment constitutes a silver bullet. Many development investments are interrelated. Programs like women's health, education, freedom from violence, and legal rights are critically important to economic empowerment, and a Federal budget that drastically cuts these programs will only shortchange women, but not only the women around the world, it will also shortchange the interests of the United States.

I hope that the committee will also urge the administration to fill the position of Ambassador for Global Issues for the reasons that I have laid out in my testimony.

Today some of the largest and most farsighted companies understand that engaging in partnerships to advance women brings benefits both to society and to companies themselves. Public-private partnerships recognize that no one sector has the monopoly on competencies that are required in this field, nor the resources, but together much can be achieved. And I lay out ways that companies today are engaged in these partnerships through value chain sourcing, digitizing financial services, and so much more.

The United States should continue to catalyze, support, and participate in impactful and innovative partnerships among many stakeholders.

Thank you, and I look forward to your questions.

[The prepared statement of Ambassador Verveer follows:]

TESTIMONY

MELANNE VERVEER

DIRECTOR, THE GEORGETOWN INSTITUTE FOR
WOMEN, PEACE & SECURITY,

FORMER U.S. AMBASSADOR-AT-LARGE FOR
GLOBAL WOMEN'S ISSUES

HOUSE COMMITTEE ON FOREIGN AFFAIRS

**“BEYOND MICROFINANCE:
EMPOWERING WOMEN IN THE DEVELOPING WORLD”**

JULY 12, 2017
WASHINGTON, D.C.

Chairman Royce, Congressman Engel and Members of the Committee:

Thank you for the opportunity to speak to you today on ways to increase women's economic participation and empowerment in developing countries.

Mr. Chairman, let me begin by thanking you for your leadership in focusing on global women's issues and the critical role women play, ranging from advancing peace and security and growing economies to countering violent extremism. These issues must be at the center of our efforts to create the kind of world we all want to see. They are in the vital interest of the United States. Countries with declining living standards and inequality are more unstable and thus pose greater challenges to our own interests and security. Empowering women and girls is fundamentally a moral issue – a matter of basic human rights. It is smart and strategic. It advances our foreign policy as it tackles some of the most pressing issues that confront the globe and America's leadership.

I am also pleased to be on this panel with Mary Ellen Iskenderian, the President and CEO of Women's Work Banking, who has brought tremendous leadership to issues of financial inclusion. I'm also delighted to be here with Tavneet Suri who has done important work on the critical role mobile money plays in impacting livelihoods of women in the developing world.

WOMEN AS A POWERFUL ECONOMIC FORCE

This hearing has to do with one of the big global challenges we face: how to grow economies, create jobs and ensure inclusive prosperity. Today there is a growing body of empirical evidence demonstrating the positive impact of investing in women and girls. From the World Bank to the World Economic Forum, from McKinsey and Company to Goldman Sachs, we know that women today represent one of the most powerful economic opportunities the world has ever seen. In 2015, McKinsey and Company published the Global Parity Report and found that closing the global gender gap could drive between \$12-28 trillion in GDP growth by 2025, if- a big if- much more is done to tackle obstacles that continue to hold women back. A few years ago, Booz and Company estimated that as many as a billion women were poised to enter the world economy over the next decade as employees, employers and entrepreneurs. Their impact could be as great as that of China or India. Other studies show that reduction in barriers to female labor force participation would increase the GDP of the United States by 5% and that of Egypt by 34%.

Investing in women and girls creates a "double dividend." Women tend to reinvest upwards of 90% of their earnings in their families – on education and nutrition -- which raises the standard of living. This "multiplier effect" had made advancing women and girls a primary goal in global development. The World Bank's annual World Development Report a few years ago stressed the promotion of equal education and equal economic opportunities for women and girls. As former head of the World Bank, Bob Zoellick notes, "Gender equality is smart economics." Economically empowering women

is necessary to ensure their rights, their ability to realize their agency, as well as to advance human development.

Women's employment takes place in the formal and informal economy, (a disproportionate number of women globally find themselves in the informal sector). Women work in agriculture, wage employment or running enterprises. In addition, women carry the burden of unpaid work in their households and of broader care responsibilities, which further serves to constrain their economic participation. Last year, the UN Secretary General's High Level Panel on Women's Economic Empowerment issued a call to action, underlining the urgency of actions to close gender gaps in the economy. The Panel's report highlighted that those working in the informal economy face a host of challenges that must be addressed.

MICROENTERPRISES AND SMALL AND MEDIUM SIZE ENTERPRISES

Microenterprise development has played a significant role in lifting up millions of women at the bottom of the pyramid. However for women to break out of subsistence businesses and grow their microbusinesses is not easy. Credit is not enough. According to "Roadmap for the Promotion of Women's Economic Empowerment," research made possible by Exxon Mobil Foundation, an intensive package of high potential interventions is necessary, including training, ongoing technical assistance, stipends and related elements of support.

Studies show that women-run SME's are accelerators of economic growth. Female entrepreneurs are powerful growth engines in emerging economies. SME's occupy the critical space in economies where jobs are created and economies grow. Yet, if women are to be the accelerators of SME's and otherwise unleash their potential, we must confront and reduce the obstacles they confront. Everywhere, women face greater roadblocks than their male counterparts in starting and expanding their businesses. Discriminatory laws, customs and the values that fuel them often impede women's efforts. Violence against women is a global scourge. In some places, women have no rights to inheritance nor property, and very little in the way of legal protection. The World Bank's Women Business and the Law 2016 report found that legal impediments to women's economic opportunity remain on the books in 155 economies around the world. Women often lack appropriate training, mentors and networks. They confront obstacles in access to technology and markets, and access to finance is particularly challenging. A study by the World Bank's International Finance Corporation found that women-owned formal businesses globally have an unmet need to \$260-320 billion. In other words, female entrepreneurs often need multiple interventions in order to succeed.

WOMEN IN AGRICULTURE

Women are also vital to the agricultural sector. In many developing countries they are the backbone of the economy and in some places comprise the majority of small farmers. Yet, their work is usually not counted as economically active employment. Subsistence-level women farmers do not have equal access to resources, and this significantly limits

their potential to increase their productivity. They are often at a severe disadvantage when it comes to the kind of training they need, or access to resources -- from fertilizers to tools -- or to credit to purchase what they need to grow their output. They often do not have voice in the local decision-making agriculture groups and networks, and confront other social constraints. Although women produce half the world's food, they only own 1% of the farmland. Land ownership is a critical element in growing the productivity and incomes of women farmers. The

UN's Food and Agriculture Organization's study on the vital role women play in agriculture showed that when women farmers can operate on a level playing field and have equal access to resources that meet their specific needs, they could increase their individual yields by 20-30%. This in turn could improve agricultural production between 2.5 to 5% and reduce the number of undernourished people up to 150 million globally. US development initiatives to combat global hunger and promote food security should integrate gender into all aspects of the programs, and measure results to ensure that goals are being met.

WOMEN AND TECHNOLOGY

Technology has the potential to transform women's lives in the developing world by providing critical access to information, mitigating health and safety risks and creating an opportunity for financial security and independence. Mobile technology is an essential tool to enable poor women to transform their lives. I have seen first hand how the simple cell phone is being used today to protect women from violence, to give women in the most remote area, access to vital health information, and to teach literacy. The cell phone is being used to provide small entrepreneurs and farmers with information on markets -- saving them from walking for miles needlessly -- or providing them with weather forecasts. Its greatest impact is mobile banking. The great majority of the poor are unbanked and through cell phone banking many will be able to save their earnings safely and engage in financial transactions as they want. There is a gender gap in cellphones. For some 200 million fewer women living in low- and middle-income countries owning a simple cell phone is still out of reach and in certain parts of the world, in South Asia, for example, it is larger than in other regions. But there is genuine good news here: strides are being made in digital financial services, such as digitizing of cash payments that are enabling financial inclusion for women and transforming their lives.

US COMMITMENT

The problem we are addressing today is multi-faceted as must be any solution. There is no single solution, nor program that can advance women's economic empowerment significantly. No one investment provides a comprehensive answer. Furthermore, many development investments are interrelated. Women's health, education, freedom from violence and legal rights are all critically important to their economic empowerment. A federal budget that drastically cuts USAID, PEPFAR, the Millennium Challenge Corporation and State Department programs is a budget that will not only shortchange women around the world but also shortchange the interests of the United States in advancing economic prosperity, peace and security. These programs comprise less than

1% of the federal budget. The U.S. commitment of \$50 million to the Women Entrepreneurs Finance Initiative to promote women's entrepreneurship in developing countries (that Ivanka Trump has promoted), responds to a need. I am hopeful that the World Bank will organize and target the resources in a way that will enable women, including those in the informal sector, to overcome many of the challenges to entrepreneurship. However, if at the same time deep cuts are enacted in crucial programs that support women's development, this will push back progress, for women and girls, including economic progress, not advance it.

APPOINTMENT OF A US AMBASSADOR FOR GLOBAL WOMEN'S ISSUES

I hope this committee will also urge the Administration to fill the position of Ambassador-at-Large for Global Women's Issues to strengthen US diplomatic efforts by integrating gender into the range of America's diplomatic and development interests. The issue on which we are focused today is an issue on which I was significantly engaged with my colleagues during my tenure at the State Department. It entailed working with the Bureau of Economics and Business Affairs to advance women's entrepreneurship and to promote issues like financial inclusion on the G20 and G7 agendas. It meant working with the Bureau of African Affairs on the African Women's Entrepreneurship Program to enable women on the continent to advance economically through AGOA, the Africa Growth Opportunity Act, and the benefits it afforded for expanding markets. It meant working with the US Ambassador to APEC to put the issue of women and the economy on the APEC agenda for the first time and to catalyze women-owned SME's and enable them to overcome the obstacles they confront. The UN has calculated that the Asia Pacific region loses in excess of \$42 billion a year in GDP because the potential of women in the region is not tapped. It also meant working in conflict areas from Afghanistan and Iraq to Colombia and Kosovo – and many places in between -- to promote women's economic opportunity and participation in peace-building. This position should not be viewed as partisan. It should not be considered merely a women's projects office, nor a "check the box" formality, but one that is integrated across the work of the Department to ensure greater effectiveness in achieving its mission, including women's economic participation and empowerment.

PUBLIC-PRIVATE PARTNERSHIPS

Today both governments and corporations increasingly recognize that women are key drivers of economic growth and social progress. In Latin America, for example, women's economic participation became a bulwark during the financial crisis of the late 2000s. Extreme poverty throughout the region would have been 30% higher by 2010 had it not been for women's contributions to the labor force in the previous decade. Some of the biggest and most farsighted companies in the world are recognizing that partnering with women brings a multitude of benefits both for society and for the companies themselves. One of the outgrowths of this awareness has been the creation of public-private partnerships or cross-sectoral collaborations that support women entrepreneurs. The State Department and USAID have encouraged what has been called the "golden triangle" – government, the private sector and NGOs partnering to advance women's

economic empowerment. No one sector has a monopoly on the competencies that are required, nor on the resources, but together much can be achieved.

During my time as Ambassador many such partnerships came to fruition, and rigorous evaluation and measurement of the results has since documented important strides for women's economic empowerment. Let me cite a few examples.

Today there are many.

5by20:

Coca Cola, with the strong support of its CEO who was at the forefront of partnering with women for growth, has utilized its corporate heft to better the lives of the world's poorest people, especially women. It created the 5by20 program to leverage its resources to reach and empower 5 million women entrepreneurs along its value chain by 2020, including farmers, shop owners and recyclers. It is designed to help women overcome three hurdles: the difficulty in obtaining capital, lack of business training and inadequate networks of mentors and peers. The program partners with NGOs, governments and multinational organizations to achieve its goals.

In Kenya and Uganda, to cite one example, Coca-Cola partnered with the Bill and Melinda Gates Foundation and TechnoServe on Project Nurture, which reached over 50,000 farmers --- a significant percentage were women. The farmers received skills training in fruit production, basic agricultural practices, farm management and business skills. They've also trained female farmers and their male peers, helping to increase women's representation in local farming groups and build their technical capacity. They linked women farmers with local banks to provide them with credit and with processors and exporters to expand their market. The women farmers saw their average incomes increase by 140% over a four-year period. Through Coca Cola's ongoing investment in fruit production in Kenya, two processors using produce from Project Nurture farmers now supply 100% of the fruit puree for Minute Maid in six countries. This is an example of a win-win for both the company and the economic empowerment of female farmers.

Women's Economic Empowerment Initiative:

In 2011, Walmart announced the Women's Economic Empowerment Initiative, one of the largest and most ambitious corporate women's initiatives to date. Walmart sought to empower nearly a million women through diversity and inclusion, comprehensive training programs, as well as through sourcing from women-owned businesses. The company pledged at least \$20 billion of spending on products and services from women-owned businesses in the US and committed to doubling its sourcing from women's businesses overseas. Walmart works with a range of partners from Care to WEConnect International, a non-profit with an expertise in bringing women-owned enterprises to global market standards. WEConnect identifies and certifies such enterprises and provides training in critical areas like quality control and scaling up production. Walmart joined with the US government, the Inter-American Development Bank and several other companies and NGOs at the Summit of the Americas in 2012 to launch the Women's

Entrepreneurship Initiative to address major barriers to training, capital and markets for women throughout the Americas.

FINANCIAL INCLUSION

Financial institutions and technology companies have partnered to promote women's economic empowerment and to close the gender gap in access to mobile and internet. MasterCard, for example, is using mobile payment technology to promote financial inclusion. The company has a technological system that safely transmits information between merchants and banks. Governments are taking advantage of this technology. The MasterCard Center for Inclusive Growth is leveraging learning from hundreds of MasterCard's public-private partnerships to enable women's economic growth. For example, in South Africa, the government – in one year – registered more than twenty million citizens, opened bank accounts and distributed ten million debit cards, mostly to women. This digitizing of financial services allows them to access government and social subsidy programs safely without the worry that the funds, which had been coming in cash, would be taken away and used for things unrelated to caring for the family. MasterCard is also working to enable very small women owned businesses to grow. With 85% of transactions still being done in cash, they are combining women's ambition and know-how with the data and technology to transform economies and change lives. One of the biggest obstacles for women is their lack of credit history that lenders can use to evaluate their ability to repay. With the technology the company is developing, women business owners will be able to use their transaction histories as a proxy for credit that will make it easier for them to get loans.

In another instance, the State Department and USAID came together with the GSMA, the mobile phone operators' association, and the Cherie Blair Foundation to reduce the gender gap in mobile technology. During the launch event an Indian micro-entrepreneur from the Self Employed Women's Association (SEWA) described how access to the simple cell phone had transformed her fledgling enterprise.

The gender gap in access to and use of the Internet reflects existing inequalities between men and women. For countries, it means that a large portion of the population is missing out on the myriad benefits of connectivity. For individual women it means less access to entrepreneurship opportunities and, to important information, and less independence. Intel-commissioned research -- the first Women and the Web report -- estimates that doubling the number of women otherwise coming online over the next three years, would bring an additional 600 million women online, and contribute between \$13-18 billion in annual GDP across 144 developing nations. One way Intel has been working to address the Internet gender gap is through a program called "She Will Connect" to train women and girls to be digitally literate, as well as to connect them to gender-specific online content.

GROWING ECONOMIC INDEPENDENCE IN POST-CONFLICT SOCIETIES

Economic opportunity for women is vital to strengthening peace and stability especially in fragile states and post conflict societies. Developing sustainable employment entails a strong partnership between the private and public sectors and well as multilateral organizations. In Rwanda, Kate Spade & Company created an innovative business investment to enable women to be part of its supply chain and to interest other companies in sourcing from the Rwandan women's business as well. The company recruited 150 of the village of Masoro's most talented and committed female artisans, helped them to develop their skills and set up their own worker-owned, for-profit business. This business investment is proving that it is possible to transform a relatively poor and marginalized community by growing women's economic participation. Georgetown University recently released a case study of the Kate Spade initiative. It found that it has already contributed to the empowerment of the women in Masoro who are flourishing economically and socially. The women have improved their spending on necessities and investing in the future. They are earning a decent and steady wage and receiving opportunities for training and development. On the business side, the Georgetown study found that Kate Spade & Company has created a financially viable business model for Rwanda. This investment was aided by support of the Rwandan government and also enabled by the Africa Growth Opportunity Act. It offers a model approach for creating sustainable economic opportunity in marginalized communities.

Partnerships such as these are growing and making a difference by creating sustainable impact. The US government should continue to catalyze, support and participate in innovative partnerships among all stakeholders. Working together, we can better tackle the obstacles that stand in the way of women's economic progress.

Mr. Chairman, thank you again for holding this hearing. Women's economic empowerment is clearly both the right thing to do and the smart thing to do. I know the work of this Committee will advance greater collective action.

Chairman ROYCE. Thank you. I thank the panelists. And when we look at your testimony there are a lot of things that jump out that are really quite surprising.

Dr. Suri, you mentioned your research on mobile phones in Kenya, I think. Again, what you just said was 186,000 women made the decision as a result of this new form of employment to move from subsistence farming to move into business or to move into sales. And yet maybe you didn't see the same changes with men, but you saw this enormous shift. You know, I think this is key. But could you explain maybe a little more of why you think this occurred?

Ms. SURI. Thank you, Chairman Royce.

So that is exactly right, we did not see men shift occupational choice or switch their kind of decision of where their income is coming from, but women did. And that number is correct, 186,000. So we can't pinpoint exactly why, but we can tell you kind of the two sort of leading hypothesizes, which are supported by the other work that was in my testimony.

So one of them is that what M-PESA mobile money did was provide extra resilience. So you might have heard the term "high risk, high return." Women weren't taking advantage of high risk, high return because they were worried about the downside risk. They were worried that if something goes wrong, I still need to feed my kids, educate my kids.

And so when mobile money came along and gave them this protection from the social network, they were able to take advantage of these high risks, high return opportunities like a business like sales. So I think that is part of the story.

I think the other part of the story is it gives them control. A lot of these women actually do have cell phones and they are able to save on their phones through mobile money, and it gives them a sense of access and control to what is on their phone.

And so I think both of those components probably explain these findings for women.

Chairman ROYCE. So they exert ownership or they exert control—

Ms. SURI. Absolutely.

Chairman ROYCE [continuing]. Over what is one's property.

Ms. SURI. Yes, absolutely.

Chairman ROYCE. And that is something that men maybe already have, but now that women are empowered in that way they basically have a secure property right here, and that lets them assume greater risk, as you said, which is the driver of innovation, driver of economic growth.

Ms. SURI. Yes. I like what you said when you opened. You said something about women controlling their future. I think this allows women to control a bit more of their future.

Chairman ROYCE. Another question here, and I will ask the panel. Developing countries are increasingly coming to recognize the importance of women's economic inclusion. So we see countries from Jordan to Kenya, as you pointed out, to Nicaragua, they have reformed their laws in recent years to improve women's property rights. But this change takes time.

And we have a Millennium Challenge Corporation here in our diplomacy that we use for leverage, and we have had some success in encouraging reforms in exchange for U.S. investment. And I would just ask the members of the panel here, how can we encourage more reforms and what should we be focusing on in that effort?

Ambassador.

Ambassador VERVEER. Well, I think that is an excellent question, Mr. Chairman. And it is true that without the kinds of reforms and legal protection women are not able to progress as they might in the economic sphere.

I think what the MCC has done over a longer-term trajectory as it is organized to do, it certainly has a very strong gender component to its work and also is holding governments accountable using the leverage of America's investment, as you say.

I think the private sector too. Mobile companies, for example, who go in to ask for expansions of regulatory opportunities could also be raising issues about women's legal protections or ways in which women can enhance their standing.

So I think we need a combination of people who talk to governments, as each and every one of you does when you are on a code, or when they are coming here, to raise these issues.

You know, we talk about them as women's issues, but they are far more than women's issues. They peculiarly affect women, there is no doubt about it, but they have a great deal to say about all of society and certainly how economies function. So I think we should not diminish the aggregation of all of the ways to influence governments in making the right decisions.

Chairman ROYCE. And I wanted to ask Ms. Iskenderian this question too.

Ms. ISKENDERIAN. Thank you, Mr. Chairman.

Just to build on Ambassador Verveer's comments, it is a bit of a hackneyed phrase, but what gets measured gets done. And I think one thing that MCC in particular, but certainly any other agencies that are interacting with nations abroad and developing countries, can insist that tracking the data, tracking the number of women that are being served is done.

Only 34 percent of cell phone companies today that are offering mobile money services even know the gender of their clients. So we can't even really assess the nature, the full nature of the problem until we actually know who is being served, who is not being served, and how they may be different.

We saw, both of the panelists referred to this, huge improvements in financial inclusion between 2011 and 2014 in the runup to the Global Findex report. The biggest changes were in those countries that had specific national financial inclusion strategies that had specific gender targets. That would be such an easy thing for us to include in anything that we require of a government that we are providing funding to.

Chairman ROYCE. Very good.

My time has expired.

Mr. Engel.

Mr. ENGEL. Thank you very much, Mr. Chairman.

Ambassador Verveer, let me ask you this. Thank you again for coming here. I have two questions.

While empowering women economically is certainly in line with America's values, it is also in America's U.S. national security and foreign policy interest because it promotes peace and stability in fragile states. You have done a lot of work in Georgetown and during your time at the State Department as the first U.S. Ambassador on global women's issues on the link between women's economic empowerment and national security.

So I would ask you, in general, how does empowering women promote U.S. foreign policy, national security, and economic interests? And what role did empowering women economically have in Rwanda in terms of economic growth, but also post-conflict peace and stability?

Ambassador VERVEER. Congressman Engel, I think the connectivity between women's economic agency and participation and peace and security is one that is increasingly linked and one that we are recognizing as critically important. And I know that this panel had a previous hearing in this area of women, peace, and security, and what their agency represents.

We know that in those societies where the condition of women is one where they are oppressed and denied their rights, those conditions often are the first signs of increased instability and potential conflict. I often feel as though women are the canaries in the mines. Look at what is happening to the women and you will have a sense of what is to come down the pike, if we have the vision and the ability to look at those conditions and take them seriously.

I think one of the most important elements as we take hopefulness out of situations where countries are coming out of conflict is to appreciate that you could have the best peace agreement, but if the key issues that affect the people on the ground—and one of the critical ones is their economic future—are not weighed into those agreements and are not executed in a recovery process, you are not going to have that long-term sustainable peace that an agreement hopefully would guarantee.

And in a place like Rwanda, for example, there was a recognition, and while so many lives were lost, that women had to play a critical role. Today they comprise some 60 percent of their Parliament, the highest women's participation in legislatures in the world. They are active in ministries. They are active in every facet of the decisionmaking processes in Rwanda. And I think to some extent, whatever you think of President Kagame, he has recognized that the empowerment of women has played a major difference in moving his country forward.

In my testimony I note one of the projects that I have been involved in included a private sector company, Kate Spade & Company, which made a business investment in Rwanda specifically for business results, but also to empower women. And what we have seen in the case studies that have been done on that investment is what a difference it is making, not only in terms of their business investment, but particularly in terms of women's economic empowerment and social progress for those women and their community.

So, again, the link between economic participation, economic viability, opportunity, and sustainable peace and the amelioration and the avoidance of conflict go absolutely hand in hand.

Mr. ENGEL. Thank you.

Let me ask Ms. Iskenderian this question. What steps do you believe the administration should take to promote the economic empowerment of women? How and why should they target women from poor rural communities just as equally as those living in urban centers that already have access to the formal economy or banking? And finally, what good does incentivizing legal and policy reform do for women from all socioeconomic backgrounds?

Ms. ISKENDERIAN. That is a tall order.

Mr. ENGEL. And you have 18 seconds.

Ms. ISKENDERIAN. Thank you.

I think just to make one clarifying point, that urban-rural divide that you mentioned. Yes, one of the very exciting things about mobile money is that we are able to reach rural populations that have been so excluded.

But just because a woman is in an urban area doesn't necessarily mean that she has access to financial services. In far too many places we still see the formal finance sector has, for example, very, very high minimum balance requirements. There is a very strong sentiment on the part of low-income men and women that the financial sector doesn't really want them. But I think for women there is also this emotional distance, so to speak, that they really do not feel respected, their savings are not necessarily wanted.

But those banks that do make that commitment, that do make that leap into this new market, find that women are really excellent clients. They tend to be the savers, their savings accounts are the stickier savers. They are more willing to buy cross sold products than men are. They buy more insurance than men do. Lots of very good benefits.

And so I think to whatever extent this administration can continue to foster that support specifically from the private sector. As I mentioned in my remarks, I think there is a great deal we can do in derisking. We have seen a number of the development finance institutions from other developed countries are providing that kind of support, first-loss guarantees, that first step into a market that supports a private sector player. But then as they get used to that market, and they see that this is a good form of investment, that support can be lessened.

Mr. ENGEL. Thank you.

Mr. Chairman, before I go back, I would just ask for unanimous consent to enter CARE's written testimony into the record.

Chairman ROYCE. Without objection.

[The information referred to follows:]

***** COMMITTEE INSERT *****

Mr. ENGEL. Thank you, Mr. Chairman.

Chairman ROYCE. We go now to Ileana Ros-Lehtinen of Florida.

Ms. ROS-LEHTINEN. Thank you very much, Mr. Chairman, and thank you to the ranking member, for convening this important hearing. And thanks to our witnesses for excellent testimony.

With so much going on around the world, the Syria conflict, the Iranian nuclear deal, North Korea's ballistic missiles, and everything in between, lamentably we often overlook the plight of women in the developing world and our role and our responsibility for helping these women. We know that women in many developing

countries oftentimes face insurmountable legal, cultural, and religious barriers to becoming the full and equal members of society that must be their natural right.

Not only is this a travesty for the rights of women, but in many of these countries when women have the same rights and access as men, the transition from developing to developed countries becomes a reality.

Preventing half of your population from access to the job market and thus the financial tools to help promote economic growth is just unconscionable. It is imperative that we discuss ways to correct this and that women in developing countries have access to the tools and the services so they can have an important role in their countries.

We must also remember that it isn't just the economy to which they are being denied access, it starts from the time that they are children. Oftentimes women are not even registered at birth, putting their future and their well-being in danger.

That is why I have always been proud to support my good friend Steve Chabot in his efforts to pass the Girls Count Act—and thank you, Steve, for that—to ensure that these girls get birth certificates and are registered.

My goodness, as a former Florida certified teacher, I know how important education is to all children, but for women in developing countries before we talk about getting them access to financial tools, we really need to ensure that they have access to a real education. That is why I have authored bills to provide Pakistani girls and women access to scholarships so they can get the education they require and why I am cosponsoring Steve's Protecting Girls' Access to Education Act.

For women in developing countries we need to start changing the fundamental ways in which they are viewed from the moment they are born if we are ever going to have a chance at their access to the financial services later on, and that is a tall task because of the legal and cultural barriers they often face. Women in about 18 of the world's economies, unfortunately, including many in the subcommittee that Mr. Deutch and I head, the Middle East and North Africa Subcommittee, require permission from their husbands or legal male guardians to work outside of the home, if they are even allowed to work at all.

So I would ask the panel, how do you begin to make a change when so much discrimination is ingrained in the cultural norms and the societal norms and the values, when women from the time of birth are not viewed as equal to men? And how can we in the United States leverage our assistance and our role in the global stage effectively enough to promote the change that is needed?

Thank you.

Ambassador.

Ambassador VERVEER. Well, Congresswoman, thank you for those remarks and for your leadership.

It is not all a dismal story. There is certainly a long road to climb and a journey that women are on all over the world. But there has indeed been progress, and a lot of progress has come out of the leadership of our diplomatic and development efforts, as well as certainly those of others.

And I think one of the key issues you mentioned is education. It is absolutely fundamental for a girl to be educated. Malala took a bullet just to make the case that girls have a right to an education.

It is that megachange component, because we know all of the things that come out of an educated girl in terms of the benefits that take place over her lifetime, the children she raises, the kind of job she has.

Ms. ROS-LEHTINEN. Thank you, Ambassador.

Any of the other two?

Thank you, Dr. Suri.

Ms. SURI. Thank you, Congresswoman.

I guess I would say I think there are two parts of this. Education, I completely agree. I think that is also tied to financial inclusion. We have some work in Kenya showing that when we gave households access to loans for these water tanks where you can store water, the girls went back to school.

So understanding not just attitudes, but what is actually preventing the girls from going to school, what are they doing, and how do we try to alleviate those constraints can be important.

I also want to mention some work on India which is fascinating, where they required some districts to have a third-of-women participation in local government. And they looked at the decisions then that the women made versus the men. And the women of course have different preferences than men. They chose different public goods and different investments than the men. Hard to weigh up which ones are better or worse.

But what was really fascinating is they also did some surveys on the ground of people and they saw that people's views of women started to change when women started to participate in local government and they saw women making decisions about what the community needed or not. So I think that is also something—

Ms. ROS-LEHTINEN. Thank you very much. I am sorry, we ran out of time. Next time.

Thank you. Thank you, Chairman Royce, and thank you, Mr. Engel, for convening this important hearing. And thank you to Lois Frankel. I know that she was one of the engines behind this hearing. Thank you, sir.

Chairman ROYCE. Thank you very much, Ileana.

Albio Sires of New Jersey.

Mr. SIRES. Thank you, Mr. Chairman, for holding this hearing. And I always have been very interested in this topic. I grew up in a household where machismo was it. My father would not allow my brother and I to hang around the kitchen. And I still remember the day when I was helping my mother make the bed where he picked me up and he spanked me because I was helping my mother. He always said that was the woman's domain.

But a funny thing happened along the way. At the age of 11, my parents and I and my brother, we came to America. My mother got a job first. All of a sudden, things changed in the house so completely. My father was in the kitchen helping her because she came in late. My father was helping out with the wash. And I always used to tell my father, I said, "Whatever happened to all those things that you taught me in Cuba that I shouldn't do?" And I think he was kind of embarrassed for the way things changed.

Then later on he got a job and all those things went down the tubes.

I also remember my first day teaching. I taught in a school with a lot of Hispanic students and since I was bilingual I was the chaperone of the school dances. And the principal said, "You have to come." And I used to hang around in a corner with about 12 mothers who used to come to the high school dances.

I mean, it is fascinating. And, fortunately, I had two great college professors. I went to a Jesuit school in New Jersey which was only men, but when I got there it had changed. And I had the first woman professor ever and the second woman professor. They were fascinating and this topic was always brought up.

But I cannot agree with you more that education and economic opportunity changes the whole formula. And I think that is what we should strive for when we want to help somebody. You know, there are a lot of things that we can do, but I think education is certainly our economic opportunity. Because I saw that my mother brought the first check and the whole thing changed, I mean overnight. And to this day I find the whole thing fascinating.

So I guess what can we do to continue to provide economic opportunity for women, because I think that is the only way that you are going to be able to change it, and obviously education also, especially in the Western Hemisphere. I think that machismo is still pretty much alive in the Western Hemisphere in all these countries. My district is obviously a very predominant Hispanic district, I represent just about every country in the Western Hemisphere that speaks Spanish, and I hear these stories.

And I am concerned with some of these cuts for these programs for women, you know, how we are going to impact that in the Western Hemisphere. Sorry to take so much time. But can you talk a little bit about it?

We will start with you.

Ms. ISKENDERIAN. Thank you, Congressman. And thank you for that story. It is absolutely what we see on the ground. As soon as the financial situation shifts a little bit, the dynamic in the household changes, a lot of other things can change as well.

I think I just would like to build on some of what we were talking about with education, because what we see far too often is some of that really fantastic benefit that we all know about educating girls gets lost if we also don't prepare them financially. So part of that education giving them financial literacy skills.

And what we are seeing in our work on the ground, also getting a savings account, ideally in their own names, as early as possible. We have been working with an NGO in Africa that is graduating 180,000, 200,000 young girls from secondary school every year, tremendous progress. But they are seeing those girls married within a year, because they don't have savings, they don't have life skills. They are not financially prepared to go out in the world.

Mr. SIRES. I always figured that one of the issues that held my mother back was that my mother was 13 and my father was 23 when they started going out. I always told my father you are going to be put in jail in America if you did that.

Can you?

Ms. SURI. Yes, thank you, Congressman.

I guess I will just add on some of the stuff that was said earlier and something that Ms. Iskenderian talked about. If you look at the mobile money story, the technology and the innovation was seeded by aid money, by a donor. It allowed the private sector to kind of derisk what they were doing and provide a set of tools that affect women.

I think thinking through how we provide that R&D capital for the private sector and emerging economies is really important, because they don't have R&D, they don't do R&D traditionally. But if we can derisk private sector investments in these countries I think we can get a whole set of new technologies and tools to women that I think will really benefit them.

Mr. SIRES. I am sorry I ran out of time. Thank you, Mr. Chairman.

Chairman ROYCE. Dana Rohrabacher of California.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman. And again I want to point out that the leadership of Mr. Engel and Mr. Royce have again demonstrated that there are a lot of areas that we can work together on and that we are choosing issues like this that are just somewhat out of ordinary. And so I want to thank the leadership for this hearing today and making this issue.

I would like some more specifics from you. You are the experts, and I want to know what countries are the good guys and what countries are the bad guys. And I guess, first of all, what countries would you say are on the super good guy list and what are the countries that are on the super bad guys list?

Ambassador VERVEER. Well, I don't know if I would call them the good guys and the bad guys necessarily. But there are plenty of rankings today, Congressman, and whether it is the UNDP's human development rankings or the World Economic Forum's gender gap rankings.

Take the World Economic Forum. Nobody accuses them of being a women's organization. And yet they annually look at the gender gap between men and women on four metrics in any given country: Health, access to education, economic participation, and political participation.

Mr. ROHRABACHER. Okay.

Ambassador VERVEER. And when you look at those rankings, the Scandinavian countries and others are at the top. And then keep going down and you find a lot of the countries that are in the most difficult straits today, conflict ridden, poverty stricken, capturing the headlines in not the most favorable way. They are the places where gender equality is clearly at the bottom.

Mr. ROHRABACHER. Are there any poor countries—we are saying poor countries versus rich countries then—are there any poor countries that have a really good record on this?

Ambassador VERVEER. That is a very good point, because if you look at the WEF's rankings you will find some anomalies in there, countries perhaps in Latin America and Central America or in Africa, because they are looking at the gap based on what they have. And as they are closing the gap within the context of that country they are making progress.

Mr. ROHRABACHER. Okay. Give me some specifics.

Ambassador VERVEER. I don't have the rankings in front of me, unfortunately.

Mr. ROHRABACHER. There are some good guys at the lower end of the scale, a lot of bad guys. One of the reasons that their countries are poor is because they have oppressed women. And I think that it is very clear that if you oppress women you are oppressing one half of your population and thus you are cutting yourself off from a lot of economic activity.

But do you have some names for me?

Ambassador VERVEER. Well, you know, several years ago the Arab Development Report was published and it has been since updated. Arab intellectuals wrote that report. It had considerable impact in the region because one of the clear indices of why they were not progressing economically in ways that they should was the state of women's conditions.

Mr. ROHRABACHER. Sure.

Ambassador VERVEER. Lack of education.

Mr. ROHRABACHER. I understand. I am trying to get a little less philosophy out of you and some more specifics.

Ambassador VERVEER. Well, I am talking about the region.

Mr. ROHRABACHER. Okay. Give me some names of countries. Do we have any names of country? Give me a name of a couple bad guys we should have on our list and say, "Hey, why do you treat women that way in your country?"

Ambassador VERVEER. Look at the situation in Pakistan, for example.

Mr. ROHRABACHER. Okay, Pakistan.

Ambassador VERVEER. Or the situation in Yemen.

Mr. ROHRABACHER. Okay.

Ambassador VERVEER. You know, these. And then look at the state of those countries. Certainly at the bottom in terms of equal opportunity and—

Mr. ROHRABACHER. Thank you, that is what I was really looking for, Pakistan and Yemen. Of course, let's keep that in mind when we are dealing with those countries.

By the way, let me just note women's role in the military in various places. The Kurds and the Israelis seem to have women playing a major role in the security of their country. Are there countries, other countries like that, that we can—the United States has really increased the role of women in our military. Who are the good guys and bad guys in terms of utilizing women within their government and their military?

Ambassador VERVEER. You have raised another critically important issue, the participation of women in the security sector. I think there are some seven or eight ministers of defense now in the European countries who are really moving this agenda forward. As you mentioned, we are making some progress.

It is still a significant problem in U.N. peacekeepers, for example. There are very few women in the ranks of peacekeepers. Yet a major part of their mission is the protection of civilians, and it is often women who are in the most difficult straits in the places where they are keeping the peace.

In military service and in police service, whether it is in Afghanistan or other places of conflict, to raise the participation of women.

Mr. ROHRBACHER. Well, let's just note—Mr. Chairman, thank you. And we note here that on Capitol Hill it was a female police officer that saved the lives of several Members of Congress who were under attack.

Thank you very much, Mr. Chairman.

Chairman ROYCE. Thank you, Mr. Rohrabacher.

Ami Bera of California.

Mr. BERA. Thank you, Mr. Chairman.

I was listening to my colleague, Albio Sires, talk about his upbringing. When I think about my own upbringing in an immigrant household, both my parents worked, but my mom had multiple jobs, making sure me and my two older brothers got ready for school, making sure that we had something to eat, making sure that we did our homework, and the importance of empowering women to be kind of that glue.

I would like to ask a couple questions. I think, Ms. Iskenderian, you talked a little bit about kind of going cashless. India is doing a pretty interesting experiment right now. And maybe it is not an experiment, it actually seems to be going fairly well. And I would be curious about the thoughts of going to this cashless economy and digital economy and the impact that has both bringing women, but bringing everyone into the traditional economy.

Ms. ISKENDERIAN. Yes, it is truly remarkable, Congressman, what India has been able to accomplish, and the government has really just driven financial inclusion. They have, as I mentioned in my remarks, instituted this biometric system. So everybody has a thumb print, and that has been available to men and women alike.

There are some things that we would love to see changed in this, because when the government is then looking at financial inclusion they are looking at household financial inclusion. And so we don't always know, but when we dig into the data that typically means that the husband has taken that biometric information and opened the bank account rather than the wife.

But not in all cases. And we are very excited about the opportunities. You probably heard recently about the demonetization. India took several currency notes out of the system. It was particularly difficult for women who still were operating in cash and didn't necessarily have access to the technology for a variety of reasons, including cultural and social reasons. They didn't own the cell phone.

So we are eager to make sure that women are not left behind in this exciting move toward the cashless economy.

Mr. BERA. Dr. Suri, did you want to add?

Ms. SURI. Yes, I am happy to add, and thank you for that question. I will mention a couple of things on the digitization in India which, like Ms. Iskenderian said, has been impressive. When they started off I really didn't think they would succeed at giving most of their population a digital identity.

I think there is a bunch of research now showing great gains to this. One has been as they digitized people's identity they digitized a bunch of the social welfare programs from the government. And this has dramatically reduced corruption in the government because you can't have fake people anymore in the system and I can't sign up Ms. Iskenderian and pay her on the side. So you see a reduction in corruption.

And then, accompanying that, we have seen some luck where when women earn the money off the workfare programs, if it is tied to a bank account that they have that is theirs, it increases their labor force participation and their earnings.

So I think it can't be just digitization on its own because, as Ms. Iskenderian said, that doesn't mean necessarily financial inclusion in the way we think about it for women and financial use. But when I can tie that digitization to now financial tools and other things, then you do see this benefit for women.

Mr. BERA. Ambassador.

Ambassador VERVEER. Thanks, Congressman.

You know, one of the things that has always affected me traveling throughout the developing world is how terrified women are that the meager earnings that they may have will not be safely kept, because either it will be taken from them within their household or through bribes of one kind or another that they have to pay for essential needs. And this overriding concern is something that I think these changes that we are talking about this morning begin to really address in a serious way.

And I think today you see more and more of the governments, as Dr. Suri said, taking their welfare payments, many of them targeted to the woman, for education and health and essential needs of her children, and, increasingly, that is coming in a card. It is digitized in a card.

So the cash is gone. She can't be targeted in the way she is used to being targeted and vulnerable. The corruption, as Dr. Suri said, begins to be addressed, and that is serious problem everywhere, as we know. And she goes with that card to get the essential items that she needs for her family.

So this is revolutionizing that great fear that most poor women have in keeping their earnings safe.

Mr. BERA. Great. Fantastic.

I yield back.

Chairman ROYCE. We go now to Joe Wilson of South Carolina.

Mr. WILSON. Thank you, Mr. Chairman.

And thank each you for being here today. This really has been fascinating to hear. The cell phone use in Kenya—how incredible, how positive.

And, Dr. Suri, the House of Representatives, with the bipartisan leadership of Chairman Ed Royce and Ranking Member Eliot Engel, has a long history of promoting women's economic empowerment in developing countries through various pieces of legislation, including funding for microenterprise development programs focused on women entrepreneurs and last Congress' Global Food Security Act, which supported improved property rights and technical assistance for female farmers.

In a time of limited resources, where should we be focusing our efforts now? Where can we get the best return on our investment?

Ms. SURI. Great. Thank you, Congressman, for that question.

I think I would echo something Ms. Iskenderian said earlier and something I have said already. One is measurement. Measurement, measurement, measurement. We are still figuring out what works effectively and what works best, and I think trying to encourage measurement.

You know, we talked about property rights and how people have changed laws around property rights. Changing laws isn't enough because it might not actually be implemented, right? And so understanding whether those laws have actually trickled down to changing women's rights for inheritance is important. I don't think we have an answer to that.

So I would say measurement is really important. Evaluation. Understanding what works and then investing in the things that work is really important.

And this ties back to what I was saying earlier. There is not a lot of R&D capital-type stuff in these countries. And so trying to be the provider of sort of the risk investment and the measurement, kind of let's figure out what works and then invest in that, allows us to kind of use that capital very effectively, and then the private sector can build on sort of the things we are finding.

So that is where I would see it.

Mr. WILSON. And we would look forward to, each of you, on any legislation that we pass, for your advice on what we can do better.

A side issue is that I have seen other organizations, like the International Association of Credit Unions. I was present in, of all places, Novosibirsk in Siberia, and it was so encouraging to me to see the establishment of credit unions where microloans were made to women to sell cosmetics door to door. At that time, in the late 1990s, that was utterly revolutionary in post-Soviet Russian Federation. So, over and over, so much can be done.

And, Ms. Iskenderian, widespread lack of official identification in developing countries disproportionately affects women and girls, without which it is hard for them to obtain even basic services such as a bank account. This committee has passed legislation, the Girls Count Act, to promote birth registration for girls in developing countries. But for these women who do not have a birth certificate or other official identification, what are some of the new technologies that are helping them to gain access to important financial tools?

Ms. ISKENDERIAN. Thank you, Mr. Congressman. And thank you very much to the committee for having supported that legislation.

The lack of a birth certificate just stops a woman's progress right out of the gate, literally. So as we were referring earlier, the biometric identification tool is very, very exciting.

And we are excited that there is going to be sort of further south-south cooperation. India is now sort of going on the road with their technology. We do quite a bit of work in Nigeria where they have a similar technology. But where India has literally a palm-sized piece of technology that they can take out into the field and get the fingerprint. In Nigeria the machine is like the size of this table. So getting the technology right even with that great idea is absolutely critical.

As I also mentioned in my remarks, something that is really not a technology, but something as simple as reducing Know Your Customer requirements for somebody to open a bank account with a cell phone photo, basic identification.

In Nigeria there is a 150-page questionnaire that you have to fill out regardless of what you are trying to do with that bank account. When they instituted Know Your Customer requirements that were

tiered to open simple savings accounts, you not only saw financial inclusion dramatically increase, but you saw the banks, the private sector banks, going in. It was now affordable for them to serve these customers because they didn't have those heavy documentary requirements.

Mr. WILSON. And thank you for highlighting where it is working and also suggesting changes where certainly technology could be better.

Thank you. And my time is up. And, again, thank you so much for all of you being here today.

Chairman ROYCE. Lois Frankel of Florida.

Ms. FRANKEL. Thank you, Mr. Royce and Mr. Engel, for this hearing today. Terrific.

Thank you to all of you. And thank you for all your work.

I am going to assume that you all agree that the President needs to fill this position of Ambassador of Global Women's Issues as soon as possible. That is something you all agree on. Yes. Okay. Yes, you are all shaking your head yes.

And Representative Torres asked me to associate herself with some of these remarks I am going to make and some of these questions.

Thank you for your talking about trying to connect women to technology and to cell phones. But I think you would all agree that a cell phone is not a replacement for an IUD or birth control pill, access to healthcare. It can help, I guess, get you the money, right?

A couple points that I would like you to touch on here are for women to be productive, they cannot just be reproductive, correct? Yet, we have seen this administration expanding the global gag rule, zeroing out funding for family planning, cutting off funding for the U.N. Population Fund.

And, listen, I am not just talking about abortion, okay? That is controversial. Let's just talk about someone being able to plan their families. I would like you to touch on the impact of women not having full access to healthcare and being able to plan her own family, how that affects them economically.

And the second thing I would like you to touch on is, we have heard some talk about a new World Bank fund. We are giving \$50 million to it. I would like you to relate that to your—a woman's fund, yes. I would like you to relate, if you can, that to your discussion.

Ambassador VERVEER. Well, thank you, Congresswoman.

I couldn't say it better in terms of the critical nature of how these investments in women are interrelated. Think of any American woman. If she doesn't have access to family planning, for example, if she voluntarily wants access to family planning to be able to conduct her life, take care of her children, give them the best that she can provide, and succeed in her work, then she is constrained. She is severely constrained.

A poor woman's problem is that much greater. I have been in so many settings where women—one woman I remember vividly, five girls, five boys. She said to me, "This is too many children. I can't take care of them. I don't know what is going to happen to them. We have nothing."

It is so significantly entwined with their futures, with their economic viability, with how they take care of their families. You can't work if you are sick. You can't work if you are so constrained. So that goes without saying, as far as I am concerned.

In terms of the women's entrepreneurship initiative that Ivanka Trump has been associated with and that is part of this World Bank partnership, I think it is a good thing. It provides loan guarantees which we have seen work significantly. Ms. Iskenderian has talked about ameliorating risks, for example. Banks will not make these loans to women, small businesses, or medium-size businesses unless, frequently, there is a guarantee that they won't lose everything on that loan.

And this is supposed to, with the Bank's work, involve training as well as other aspects of financial support and related supports. And there have been commitments from other governments as well.

But the point is, that is a good initiative, but if in isolation we cut everything else, then what has it achieved? And I think that is what we have to keep in mind. We can't just do one thing and expect magical results. We need to understand the complete person in these cases, what she represents, what she represents for her country, what is in our vital interests, and make decisions accordingly.

Ms. FRANKEL. Thank you.

Ms. ROS-LEHTINEN [presiding]. Thank you, Ms. Frankel. Thank you.

We will now turn to Mr. McCaul of Texas, the chairman of the Homeland Security Committee.

Mr. MCCAUL. Thank you, Madam Chair.

And thank you for being here today, all three.

I remember several years ago reading a book called "Inside the Kingdom: My Life in Saudi Arabia," written by Carmen Bin Ladin. She is a European woman who married into quite a family that everybody knows about today. But she talked about 1979 particularly and how life was in the kingdom before the Ayatollah came into power in Iran and changed the entire region and then how life was after that event in 1979. And we all know it changed Iran, but it also fundamentally changed the Arabian Peninsula and Saudi Arabia, really rolling back time as it pertained to women.

And, of course, the dress came back with the burqas and women were no longer able to drive in the kingdom and were not able to go outside, only at certain times, couldn't go into certain premises. Just highly restricted, very oppressive society. And it is very sad to think the direction it was going before 1979 and where it is today after 1979. I have had the opportunity to visit, as many Members have, Saudi Arabia and I have seen that oppression. It is very dark. I have seen that firsthand.

I have seen that same oppression in Afghanistan, just a little different color of burqa. It is more of a beautiful blue color. Pakistan, as you mentioned. Yemen. And it is a change in their laws, but more, I think, a change in their culture.

And I guess my question, and it is a very basic one, is how do we change that? How do we change that fundamental culture so we can lift that oppressiveness off of these women?

Ambassador.

Ambassador VERVEER. Well, it is a very good question, Congressman, and I think it is a critically important question. Because we know that you need heat at the top. You have to change laws. You have to respect human rights. But you need heat at the bottom. And that comes from the people and their mindsets. And the mindsets, whether it is the Wahhabists and what they are perpetrating or whether it is customs saying this is how it is, it puts women down and really in many ways affects their human rights deeply.

But there are a number of examples today where these norms—culture can change. But you have to work at it. And you do need heat at the top and you need heat at the bottom.

And, for example, this issue of female genital mutilation, FGM, it is a horrific custom that many go through, many women go through, because it is about their future. If they don't, their future is inhibited in significant ways.

But where there have been efforts, and they are documented, and there are successes every day. For the community to come together and understand what this does in terms of harming the health of the woman, potentially meaning maternal death in terms of childbirth, the consequences are huge.

It takes village fathers, it takes imams, it takes the men, and the community coming together, and in place after place norms have changed. The norm went from FGM to the health of the woman. It takes time, but we have to work at it. And education is a critical element in all of that.

Mr. MCCAUL. And I know the young Saudi crown prince who will be the king one day has a more progressive point of view with respect to this and with respect to the role of women in his society, and hopefully that will provide a change as well.

Are there any other examples of a fundamental change in some of these countries that has made a difference in the lives of women? Perhaps the other two witnesses.

Ms. ISKENDERIAN. Thank you very much for the question, Congressman.

I would just refer to some work that we are doing in Pakistan currently with a mobile company, mobile cell phone company that is offering financial services. And we went in, actually, as a group of Western women, feeling pretty unambitious or we didn't think we would be able to really achieve very much.

But the company was seeing real change in youth dynamics and the generational dynamics, that, yes, it was difficult for unmarried girls to have access to cell phones, fathers really were not comfortable with their girls having cell phones, but since so many of the husbands of slightly older women had grown up with phones and they wanted their wives to have that access, we saw a real change and a real opportunity for—

Ms. ROS-LEHTINEN. Thank you so much.

Thank you, Mr. McCaul.

Mr. MCCAUL. Thank you. And sometimes I have to ban cell phones from my teenage daughters every now and then.

Ms. ROS-LEHTINEN. And now we are pleased to turn to Congresswoman Tulsi Gabbard of Hawaii.

Ms. GABBARD. Thank you very much. Thank you for the important work that you are doing and for being here to really add to this important discussion today.

I would like to touch on a couple of things with regard to the use of mobile money and M-PESA in Kenya, but how it is shown to be less effective in other countries. I think recently M-PESA was shut down in Albania, affecting nearly 250,000 users.

So if you can talk about what are some of the barriers that still exist, and how you recommend public-private partnerships to break through this. Why does it work in places like Kenya and not in places like Albania?

Ms. SURI. Sure. Thank you for that question, Congresswoman.

So I will say a couple of things. One is that we are now seeing results out of Bangladesh that find the same sort of financial resilience effects we were finding, which is brand new work out of Bangladesh. Similar results in Tanzania. And we are replicating in Uganda. So in a few months I will be able to tell you the results for Uganda.

You know, I think one key component of mobile money and why it has worked in Kenya is actually the business model. They knew when they did this pilot that was funded by the British aid organization that people wanted to use this technology to send money across distances, right? The people who invented this thought it was for microloans: Oh, this will be a way for people to pay off loans.

Turns out very few people have microloans in Kenya, and they didn't want it for that. They wanted it to send money 200 kilometers because there was no way to do that. And so they rebranded the product, number one.

And, number two, they realized, like, I can't just have my cash in, cash out points be in the city. If I have them only in the city, no one is ever going to use it. I need cash in, cash out points everywhere.

So the private company invested in this network of agents to cash in, cash out, that when they started was already four or five times the size of the banking infrastructure. Today it is 130 times. A cash-out agent is about half a kilometer, you know, 5, 10 minute walk for almost every Kenyan, for the average Kenyan.

So that business model of needing to be everywhere rather than in the cities was really, really key to this being successful. A lot of people who have copied it don't think through the business model. They think through the technology and say, oh, I can copy that technology, but they think, oh, I am a banker, I am going to start in the capital city and see how it goes before going anywhere. But if you do that, you are going to restrict the entire purpose of the technology.

And so I think people haven't quite picked up on the business model is one, and how crucial that business model is to the success of what the technology is meant to do. And I think the U.K. aid pilot allowed them to realize that what we were thinking is wrong and we need to do something completely different. So that is one aspect.

I think the other is kind of investing heavily in the platform that develops this technology. So talking about the risk investment is, I think, important here too.

So those are the two, I think, big success cases. And there are countries that are not allowing it regulation-wise. You know, they are worried it is sort of outside the formal banking system and what does this imply. And so I think there have been some agencies trying to take the Kenya example and regulators from Kenya around to talk to people to try and get them to understand what are the right sorts of regulations you need to have in place to avoid money laundering and to avoid the risks that you traditionally think of in the banking system.

Ms. GABBARD. And my next question was about collateral. I think a couple of you have mentioned that as one of the barriers for women, in particular, that has to be overcome with regards to property rights and other things. So if you could expand a little bit about how that barrier is being overcome.

Ms. ISKENDERIAN. Again, thank you very much for the question.

As I mentioned in my remarks, we are very excited about this growing trend of movable collateral registries that we are seeing. Fifteen countries in Africa alone are going to have movable collateral registries coming online in the next 2 to 3 years.

In China, when they implemented a movable collateral registry, they allowed accounts receivable, things that we take for granted in our banking system, to be used as security against a loan, we saw a massive increase in SME lending, two-thirds of which was to women. So being able to have access to other forms of security is really critical.

We are also seeing some exciting fintech solutions where we are providing alternative credit scoring. The ability to track behavior, track payments, track interactions, transactions, digitally is allowing us to have algorithms that do track to creditworthiness.

Ms. SURI. I will just add one bit. I think the other way to fix some of this is to provide loans that are for assets.

Ms. GABBARD. Right.

Ms. SURI. So some of the work we did in Kenya, we gave loans for a water tank. And some people like to have cash. And, like, no, no, it is for the asset, and the asset is the collateral. And that allows them to get a loan for an asset, and then you can recollateralize that asset once it is paid off.

Ms. GABBARD. That is great.

Ms. SURI. And so I think that is another way to do it, is to say let's do mortgage-style lending. It is not a mortgage because that is a big amount. But even for a \$200 asset, let's structure it where the asset is collateral.

Ms. GABBARD. Great.

Ms. SURI. And that allows you to then keep that collateral once it is paid off and recollateralize.

Ms. GABBARD. Thank you so much.

Ms. ROS-LEHTINEN. Thank you, Ms. Gabbard.

We turn to Congressman Scott Perry of Pennsylvania.

Mr. PERRY. Thank you, Madam Chair.

Thank you, ladies, for being here.

I am fascinated to a certain extent, Dr. Suri, by your story in Kenya. I have two daughters. And I haven't been to Kenya. I have read, of course, and I can only imagine the culture, right, and how if the woman, even though she might have the money, if she has it physically, where the man might take it and control it, et cetera.

So in the greater context, though, we are going to spend about \$35 billion on foreign aid this year, right, the United States taxpayers are going to spend that. And I have this study from the GAO regarding how the different agencies are doing, how they spend their money, and the efficacy of the goals. It is pretty sad.

For instance, DoD, of the high quality, generally met all applicable criteria, zero. Zero. Now in that context, it is DoD, right? I would contend that this should not be DoD's mission, right? But, apparently, people contend it is, and we have sent money to them and they get pretty poor results. But even at the State Department, they are up to a whopping 4 percent. USAID does a little better at 26. Millennium Challenge Corporation, believe it or not, 44 percent.

So I guess my question is—and one of you, I don't know if it was Ms. Iskenderian or Dr. Suri, said if you measure it, that is the key. Well, somebody is measuring it here, but I don't know that we are making the changes that we need to based on the measurements.

So for each of you, your top three policy recommendations for us policymakers to make a difference so that so we change this zero to something meaningful. And if it means DoD doesn't spend any of this money and it is sent to the Millennium Challenge Corporation, so be it.

But you are the alleged—you are here because of your expertise, right? So we are looking for some answers from you on how to do the job better than we are doing, which is apparently abysmal, if you look at the GAO study. So anybody care to venture?

Ambassador VERVEER. Well, I will start.

I think, given this hearing, one of the critical things in government that doesn't happen is to look at the gender influence, if you will, integrating gender into these issues.

A lot of these issues aren't women's issues. Take farming, agriculture productivity. We know that women farmers, for example, often are the backbone of their economies, where there are ag economies, and often comprise the majority of the small-hold farmers. Yet, when we have ag policies, do we integrate that consideration in terms of what women need as opposed to male farmers? Those are often different needs for productivity. If we did bring those issues to the table, into our consideration, we would have dramatically different results.

And with food policy and food security issues, it is critically important to do that. And we have seen from the studies that have been done that where this is a major consideration, you have outcomes that are different.

Mr. PERRY. Okay. That is fair.

Ambassador VERVEER. Another one is—

Mr. PERRY. I want to be quick.

Ambassador VERVEER [continuing]. Measuring and evaluation. And it is data. We talk about data. It is the cat's meow. It is something we should all be doing. But we are not willing to pay for data

collection. And I think that is a very big issue in a lot of the grants that are made and in decisions.

Mr. PERRY. Okay. What else you got?

Ambassador VERVEER. Another one is looking at the evidence-based case, what is working and what is not working, and quit repeating the mistakes, and scale what is scalable.

Mr. PERRY. So just in that point, we are going to need some help from outside organizations because, for instance, I have to tell you that when you go to cut some of the money going to DoD for these programs, can you imagine the panoply of names that we are all going to be called around here if we say one cent less for X? That is where we need your help, to point out, look, this is not effective, it is nothing personal, but let's spend the money here. We will do the same mission, but somebody else does a better job.

Yes, ma'am.

Ms. SURI. So I would say three things. R&D, we do not do enough about learning what works, and testing and experimenting. You know, the Poverty Action Lab that I am affiliated with at MIT is doing this with policy. Let's go experiment and see what works. Think of the title of this hearing, microfinance. We thought this was the silver bullet for women. Turns out, it doesn't do that at all.

Mr. PERRY. Right.

Ms. SURI. We have now seven studies.

So I think really doing what R&D would do, which doesn't exist in developing countries, not just measure, but evaluate, test, experiment.

I think working with the private sector. The private sector in developing countries is showing an ability to scale in a way that others don't have. Mobile money is scaling across the developing world faster than most things. And so seeding kind of innovation in the private sector, I think, can get you lots of gains.

Mr. PERRY. I am sorry. My time has expired. I am happy to talk to you afterward. Thank you.

Ms. ROS-LEHTINEN. Thank you so much. Thank you.

Now we are pleased to turn to Robin Kelly of Illinois.

Ms. KELLY. Thank you, Madam Chair. And I want to thank the chairman and ranking member for holding this hearing on empowering women in the developing world.

This is a multifaceted issue that is particularly important to me. That is why Congressman Chabot and I introduced H.R. 2408, the Protecting Girls' Access to Education in Vulnerable Settings Act. Giving women and girls access to quality education not only increases their economic potential, but it is directly related to conflict prevention and reducing gender gaps.

Already, one in five girls in developing countries who enroll in primary schools never finish. And I am concerned this Trump budget, unfortunately, will drive more women and girls out of school as a result of very concerning cuts to foreign aid.

USAID found that when 10 percent more girls go to school, a country's GDP increases on average by 3 percent. Education provides a multiplier effect. When women and girls are more educated, they have greater decisionmaking power in their households, are less likely to be recruited by extremists, and have healthier and better educated children.

Before I ask my question, I will say, someone asked who were the good guys and the bad guys. And as the past chief of staff to the Illinois State treasurer and the current co-chair on the Caucus of Black Women and Girls, I do feel that the United States of America needs to look at itself too. It is not just in developing countries that there is work to do. We have a lot of work to do here.

But can you suggest the best leverage, how can the U.S. best leverage foreign aid money into programs that help women become more financially secure so that people do feel comfortable with the money that we are spending and we are giving to these countries and programs?

Ms. ISKENDERIAN. I would reiterate my fellow panelists' focus on data, on monitoring and evaluation, and let's stop making the same bad investments and really start scaling the ones that do work.

The other thing I would really add, though, is, again, that focus on the private sector. One of the things the United States does do very well domestically is on procurement and requiring a diversity in procurement policies. We should be doing that more with both our own private sector that is working in developing countries and that are getting government funding to do that, as well as encouraging the private sector in those countries itself to diversify their procurement. Having those women-owned businesses that we have been talking about in the supply chains of those companies can make an enormous difference and they have tremendous difficulty accessing finance.

And then I am just a very big fan of OPIC. And it is a program that gives back to the U.S. Treasury rather than only taking. And there is no gender mandate that is explicitly in the OPIC program. And I think there could be, again, a lot of private sector and a great deal of leverage there.

Ms. KELLY. Anybody else?

Ms. SURI. Yes. Ms. Iskenderian said it well. I would reiterate just evaluating and really truly understanding what works is very critical. And investing in that knowledge base will help everybody across the developing world. And so I think investing in the knowledge base of what works and what doesn't work, which is so under-invested in in developing countries, is essential.

And Ms. Iskenderian mentioned OPIC. I will say thinking a little more innovatively about how aid organizations can invest and work with the private sector is key.

If you look at Norway, the government has a—it is hard to say this—the government has a private equity fund, Norfund, right, completely private equity, Silicon Valley style, does investments with returns. And they are playing around with what their role should be and how they should structure that role. And I think it is interesting to see how that will evolve over time and whether that is an interesting model. But I think thinking of innovative models of how to structure our interactions is important.

Ambassador VERVEER. Well, just very quickly, we are all singing from the same hymnal. But I think in terms of the private sector, there is some really impactful, innovative work going on using supply chains and value chains, and government participating in some of these collaborations in ways that we have talked about and haven't talked about, which I think is critically important.

And then I would say incentives, incentives to change behavior. You talked, Congresswoman, about education. What does it take to keep that girl in school? How do you affect the families that often want to push them into a child marriage, say? So incentive policies that help us do what we are intending to do.

Ms. KELLY. If I would say to you, can you think of a program right now that you would tell us we should not repeat, do you have programs in your mind? You don't have to tell me. I just want to know.

[Nonverbal response.]

Ms. KELLY. Yes, you do. Okay.

I yield back.

Ms. ROS-LEHTINEN. Thank you so much, Ms. Kelly.

And we turn to Mr. Donovan of New York.

Mr. DONOVAN. Thank you, Madam Chairwoman.

You have identified, outlined, and vividly described what the issues are. I appreciate that for someone who is trying to understand it.

I have one question. It is actually in two parts. And I open it up to the panel.

A lot of the things that you have identified as the problems are caused by countries in which we don't create their laws and we don't support their culture and how they treat women.

What influence could the United States use, since we can't change their laws—and I think some of my colleagues hit on this peripherally—what leverage could we use to encourage countries to change those laws besides appropriations? Our Appropriations Committee will do that.

But what kind of policies, what kind of things could we do to influence some countries to change either their laws or their cultures on how they treat women?

And the other thing, the other part of my question would be, what laws could we propose? What could this committee do in order to advance—I won't even say advance—get up to speed of how the cultures treat the female populations of their countries?

Part of my great interest in this is I have a 2-year-old daughter. So women's interests have really—they have always been an interest of mine. And I don't want to say, Madam Chairman, because I am interested in women. But it has always been a concern of mine, the equality of women's rights in our country, but now that I am on Foreign Affairs and I am seeing the disparity in how women are treated in other parts of our world.

I would just like your expertise in how, again, our country can influence or encourage or use our leverage to advance women's rights elsewhere. And then what can this committee actually do? And I just leave it in any order to the panel as a whole.

Ambassador VERVEER. Well, I will kick it off by saying one thing that has always impressed me is not the lecture from the West so much that makes the difference, but our ability to help raise up the voices within the country who want this kind of change—women who want family law reform who cannot only succeed at doing it when they come together, but actually help their sisters in other countries who are in the same kinds of cultures and wondering how do we get there.

Mr. DONOVAN. As you said before, pressure from the bottom?

Ambassador VERVEER. Well, bringing women together so that the best practices in one place can be understood and applied in ways that are appropriate to the other place, validating the efforts and enabling others to benefit from those best practices.

Ms. SURI. Thank you for that question. It is a hard question.

I guess I would just say that it is not just laws, because in a lot of these places you can set all the laws you want but whether they are actually adhered to is a different matter.

And so I think, as Ambassador Verveer said, like thinking how we actually get the perception of women changed on the ground is kind of key, not just the laws. So as women start to participate more and more, it seems that the attitudes start to change.

So the example I gave was from India where a regulation required women to be part of local government, very low-level local government, and it didn't change expenditures, but it did change people's perceptions that women were good decisionmakers. The men were more likely to think that.

So I think kind of thinking through not just what laws, but how do you actually change things on the ground, that when the laws come in they actually will have impact, is probably important as well.

Mr. DONOVAN. The Indian Government changed that law. We can't control what laws the Indian Government passes. So I am trying to figure out how could we influence.

Ambassador, I think your comments are pertinent to that. What leverage could we use?

And then, again, if there is something that this committee could put forth.

Ms. ISKENDERIAN. I would very much echo Ambassador Verveer's use of best practice. The best learning is peer learning. And it is often very difficult for people to hear an American voice suggesting something, and hearing another woman, another company, another bank from a developing country talk about their experience.

We have done some amazing work in Jordan in microinsurance that has benefitted women's maternal health tremendously over the last 3 years. The insurance company we work with just came back from Egypt where they were spreading the gospel. Private company. It wasn't a government program at all. Whereas in Egypt, the government had requested this private company to come and explain how they had gotten this product to work so successfully. And that is going to be so much more powerful than anything that we could say.

You know, I would also just say we have a very loud or could have a very loud voice in international fora that I don't think we always use. In the subject of financial inclusion at the G20, we are not advocating for any of these issues as a government. We are very focused on issues about antiterrorism financing, money laundering, all of which is very, very important. But we don't even add this as an issue that we are standing with those other 19 countries and advocating for.

Mr. DONOVAN. There might have been an opportunity missed there, yes. Thank you very much.

I yield whatever little time I don't have left back.

Ms. ROS-LEHTINEN. Thank you very much, Mr. Donovan.

And we now go to Congressman Chris Smith of New Jersey, chairman of the Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations.

Mr. SMITH. Thank you very much, Madam Chair. And I do want to thank Ed Royce and Eliot Engel for calling this important hearing.

Ambassador, it is so great to see you again. And welcome to our other very distinguished witnesses.

Just a couple of points because so much has already been said. And I got here very late to ask my questions. But I would like to comment on the shift. And maybe you might want to comment on it as well.

I have written two laws on microcredit financing, targeting the poorest of the poor, reauthorizing the funding. But that has changed dramatically and radically, as you know better than anyone else. Where we used to rely on donor support, obviously, and you have all testified to this, USAID says that more than half of the financing provided by microfinancing institutions now comes from deposits, as you know so well, with much of the remaining from private capital.

And, again, I think my good friend from Staten Island made a very good point. What can we do to accelerate that or to keep that trajectory so that more people are reached?

CARE points out that women still lag behind men in access to financial services by 7 percent worldwide, 9 percent in developing countries. So that disparity and gap must be closed, I would note.

And your points about cell phones were excellent. You all made very good points about that. When we were going and doing our part to try to resource the Ebola crisis, one of the biggest takeaways was how cell phones were the bridge between best practices, including what do you do if somebody passes? Don't touch the body. That was all being sent out via cell phones. Radio was there. Cell phones were the dominant medium, if you will, that were used there.

Financial inclusion, obviously that is extremely important as a driver. You might want to speak to that.

And finally, today, in about 2 hours, the Frederick Douglass Trafficking Victims Prevention and Protection Reauthorization Act, a bill that I have introduced, joined by my good friend and colleague Karen Bass, Ileana Ros-Lehtinen, Chairman Royce, Ms. Frankel, and others, will be on the floor.

And we have new language in this. Besides reauthorizing the TVPA of 2000, 2005, the International Megan's Law, and the William Wilberforce Act, to the tune of \$534 million over 4 years, it will do a number these best practices of training procurement officers, so that they know what to look for in trafficking.

And you might speak in a parallel way, because I think poverty is still one of the major drivers behind trafficking, how we might also get procurement officers and others, because we buy an awful lot in this country, to be more aware of how they could be helpful in this important and noble battle as well.

Ambassador.

Ambassador VERVEER. Well, thank you, Congressman Smith. It is always good to see you. And thank you for your leadership on so many issues we mutually care about, whether it is son preference or human trafficking.

On the trafficking piece, I think the supply chain is a really important issue, and it has been manifested in other ways. But the work that is being done to understand where slavery is injecting itself and what end products have utilized and tapped that in terms of undermining people's human rights I think is a very important piece.

And as you have so well stated, trafficking would not be the multibillion-dollar criminal industry it is today if people had economic viability. Traffickers prey on people who are desperate to come out of the straits that they are in, and they are coerced and conned, and we know what happens.

So I think this is a very important piece. You have been on this issue a long time. This is another critical element as far as I understand.

And, quickly, on the cell phones, we have talked a lot about the financial transaction side of it. But your point about Ebola is one point I don't want us to miss, which is the critical information, health information, inventory information on product lines, how to move them, information for women to protect themselves from violence, a lot of that is happening through the cell phone today. That is why it has become such a critical tool, particularly for poor women.

Mr. SMITH. Thank you.

Ms. SURI. I will just add on the cell phones. I think Ambassador Verveer is absolutely right. There is lots of evidence that people are able to manage also their health lives better with cell phones. You can remind them to take medication that has to be taken continuously, and they do, and they respond to it.

In all sorts of ways cell phones are such a big part of people's lives in the developing world that they really weren't here at the same sort of level of development in any way.

And I think they are critical not just to that, but also we did a bunch of work on the Ebola crisis when it was happening in Sierra Leone and we wanted to track the economic effects it was having and whether women were pulling away from health services because they were worried about catching Ebola. And we did all of that data collection by cell phones, because we had been working in Sierra Leone for several years, we had people's phone numbers. And we ended up being able to trace out, literally every month we were running a quick survey of a few thousand people in Sierra Leone to track what was happening and how they were responding.

And so I think not just in terms of good for people, but in terms of also being able to understand crisis situations, they have been very useful.

Mr. SMITH. Thank you so very much.

Ms. ROS-LEHTINEN. Thank you so much.

And now we turn to Ambassador Wagner of Missouri.

Mrs. WAGNER. Thank you, Madam Chairman, for hosting such an excellent hearing.

As a woman on both the Financial Services and the Foreign Affairs Committees, I am highly concerned about women's economic empowerment. And I very much appreciate your testimonies. Far too many of the world's women live in the cash economy without access to financial markets and services.

Dr. Suri, I had a chance to read some of your work on financial services innovations that improve financial inclusion. I was particularly interested in your National Bureau of Economic Research paper published last fall which cited the importance of equipping commercial savings products with features that guide clients toward better financial planning, from text messages that remind people to save to automatic withdrawal of savings from paychecks.

Tell me, how can the private sector, Dr. Suri, in developing countries improve how the poor are saving?

Ms. SURI. Thank you for that question, Congresswoman. It is a great question.

I think the private sector is starting to innovate a little around financial tools, but they are worried about risk. The financial systems are small, not that concrete, not that stable. And so I think they are worried about risk. So they do experiment a little, like with savings accounts, as you saw from our work.

But I think encouraging them to provide a variety of products. I think what we have learned from microfinance is one hat doesn't fit all. I don't walk into the bank and there is one savings product and one credit product. There has to be a variety that meets different types of people's needs. And so I think trying to encourage the private sector to innovate around the types of products is one.

And then we have talked about this bit before, is kind of helping them deal with that risk a little. If they are really worried about risk, can we derisk some of the things they are doing so that they are less worried and can invest and innovate more?

And then, I think also doing the research piece around what works and what doesn't work. You know, that piece is really about, how do we think about what works in the financial tool set for people in developing countries? And I think we need that knowledge to be able to then go to the private sector and say, look, this didn't work, don't do it, the same way we were talking about earlier here. We can bring knowledge even to the private sector to show them what is working and what is not working.

Mrs. WAGNER. Thank you. I appreciate that.

Ms. Iskenderian, I appreciate your leadership at Women's World Banking. I had the opportunity to look at your partnership to create Jordan's first health microinsurance product to directly address hospitalization costs. I learned that many existing health microinsurance products in Jordan exclude pregnancy and prenatal care.

Do you find that this is the case in many parts of the world? And how can policymakers encourage the launch of microinsurance products that better support pregnancy care?

Ms. ISKENDERIAN. Thank you, Ambassador.

That was not just a factor we see in Jordan, I am afraid, but in many countries. Insurance companies don't want to insure a risk that they know is going to actually happen. When a woman gets pregnant, we know what the outcome of that is going to be. So we, unfortunately, have found in many cases that that is an exclusion.

Part of the reason why this product has been so successful in Jordan, and we have now replicated it in six other countries, is that we do not exclude maternal care. We found that that is the one time in a woman's life that she will prioritize her own health over her children's or her spouse's or other family member's. And so it is both a good sales technique in the way that you can convince a woman to take on that insurance if she sees it meeting a need that she expresses.

It was interesting, in Jordan, we even saw women who were sort of outside child-bearing age find that that organization, the organization offering the insurance, if they had identified that need and recognized that as something that should be insured—

Mrs. WAGNER. So do you see those markets opening up at all, Ms. Iskenderian, I mean, in terms of maternity and prenatal care, and more across the world you are seeing it happen?

Ms. ISKENDERIAN. We are. Microinsurance is just still a drop in the bucket in terms of what is needed. Again, technology is really very helpful because we are bringing the cost of those very small policies down. But I think there is a recognition and there has been quite a bit of research, women do buy more insurance around the world than men. If you are going to appeal to women you have to meet their needs, and maternal healthcare is right at the top of that.

Mrs. WAGNER. I think it is. And whatever we can do as a country and a society to make sure that we are encouraging policymakers to make that more readily available across the world I think is very, very important.

I believe, Madam Chairman, that I have run out of time.

I have a wonderful question for you, Ambassador Verveer, but I will have to submit it in writing.

So I yield back. Oh, Mr. Chairman. I am sorry.

Chairman ROYCE [presiding]. Thank you, Congresswoman.

Well, let me thank former Ambassador Wagner, but also thank every member here of the panel for taking time out of your very busy schedules to come here today to testify on this subject, because I think this is going to be very helpful to the committee as we continue our work to try to accelerate economic growth in these societies and promote global health and stability by focusing on this issue, by focusing on ensuring that the women who serve as the backbone of stable societies are not left behind and have the tools necessary to further progress in this area.

So thank you all very much for your work in this area and your testimony.

Ambassador VERVEER. Thank you.

Chairman ROYCE. And we stand adjourned.

[Whereupon, at 12:04 p.m., the committee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE RECORD

FULL COMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Edward R. Royce (R-CA), Chairman

July 12, 2017

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Wednesday, July 12, 2017

TIME: 10:00 a.m.

SUBJECT: Beyond Microfinance: Empowering Women in the Developing World

WITNESSES: Ms. Mary Ellen Iskenderian
President and Chief Executive Officer
Women's World Banking

Tavneet Suri, Ph.D.
Associate Professor of Applied Economics
Sloan School of Management
Massachusetts Institute of Technology

The Honorable McLanette Verweir
Executive Director
Georgetown Institute for Women, Peace and Security
Georgetown University

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever possible. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.



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Day Wednesday Date 7/12/2017 Room 2172

Starting Time 10:12 Ending Time 12:04

Recesses 0 (___ to ___) (___ to ___) (___ to ___) (___ to ___) (___ to ___) (___ to ___)

Presiding Member(s)

Chairman Edward R. Royce, Rep. Ileana Ros-Lehtinen

Check all of the following that apply:

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TITLE OF HEARING:

Beyond Microfinance: Empowering Women in the Developing World

COMMITTEE MEMBERS PRESENT:

See attached.

NON-COMMITTEE MEMBERS PRESENT:

none

HEARING WITNESSES: Same as meeting notice attached? Yes No

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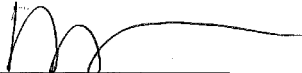
STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

IFR - Rep. Eliot Engel

SFR - Rep. Gerald Connolly

TIME SCHEDULED TO RECONVENE _____

or
TIME ADJOURNED 12:04



Full Committee Hearing Coordinator

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REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Statement to the House Foreign Affairs Committee

On the Occasion of its Hearing,
Beyond Microfinance: Empowering Women in the Developing World

Submitted for the Record by
CARE USA

July 12, 2017

CARE USA thanks Chairman Royce, Ranking Member Engel, and the House Foreign Affairs Committee for bringing attention to the issue of women's economic empowerment. United States' leadership on the empowerment of women is critical to achieving sustainable development for the 1.2 billion people living in absolute poverty, most of whom are women and girls. With more than 71 years of experience in providing development assistance and emergency humanitarian aid in over 94 countries around the world, CARE has developed practical, evidence-based methods for approaching development challenges with the goal of eradicating poverty and achieving social justice for the poor. Our decades of work has shown that to succeed, sustainable development must enable and empower women economically, socially and politically, to fulfill their potential as leaders within their communities.

CARE works directly with girls and women in developing countries to improve their socio-economic situation, develop new skills and access resources. When we help a woman or girl, we help her family and her community. When she is able to earn money, she reinvests it into her children's education, health, and future, catalyzing broader development within her village and through her nation.¹ When she is able to speak up in her community, she speaks on behalf of everyone, offering ideas that are practical and beneficial to not only her, but also the society around her. CARE has seen that when women have control over their resources and equal economic opportunities as men, they have the power to transform whole economies and improve the quality of life for women, men, families, and communities. Indeed, according to the McKinsey Global Institute report, if women participated in the economy identically to men, the annual global GDP in 2025 would increase by 25% – roughly equivalent to the size of the combined U.S. and Chinese economies today.² By investing in women and girls, we promote a smart, strategic and effective approach that is not only the right thing to do, but also gives development dollars the most impact.

CARE has centered its programming on women's economic empowerment and income generation for over 30 years. Working with women, women's groups and community organizations across the world, we have developed significant experience and tools for reaching and supporting the

¹ CARE International Briefing Paper to the United Nations High Level Panel on Women's Economic Empowerment Working Group on Financial, Digital Inclusion and Property (2017), available at: http://insights.careinternational.org.uk/media/k2/attachments/CARE_Briefing-Paper-to-the-UN-HLP-Working-Group_Jan-2017.pdf.

² McKinsey Global Institute report, The Power of Parity (2015), available at: <http://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>.

poorest and most marginalized women and girls in some of the poorest parts of the world. This has included empowering women to address some of the most pervasive barriers to their own economic and social advancement, such as gender-based violence, discriminatory social norms, and restrictions on access to resources and opportunities that would help women contribute to their societies. These include property and livestock, birth certificates, inheritance, mobility, family planning and child care, education, financial services, and other tools that promote skills and productivity.

Women's economic empowerment is a process by which women improve their lives and the well-being of their families and communities by increasing their access to economic resources and their power to make decisions. Women's economic empowerment means having access to and control over economic resources, assets and opportunities, and creating long-term changes in social norms and economic structures that benefit women and men both.

This process involves three key interrelated elements:

1. Women have the **capacity, confidence, and choice** to identify, pursue, and achieve their own and collective economic aspirations;
2. Women individually or collectively **influence or make economic decisions**; and
3. Power-holders, structures, and formal and informal institutions **enable and respect** women's access to and control over economic resources and opportunities.

At its heart, economic empowerment helps women live self-sufficient lives where they can use their skills to generate income for the benefit of themselves, their families, and their communities.

But it is crucial to underscore that sustainable economic empowerment cannot be achieved without also addressing the social, cultural and policy constraints and barriers that marginalize women and girls, particularly those who are poor. **Women's economic empowerment is both a reflection of and a catalyst for gender equality across income levels and communities.** Achieving women's economic empowerment goals, for instance, cannot happen without addressing violence and discrimination women and girls commonly face, just as women becoming more economically empowered will also lead to their greater autonomy, agency, and capacity to combat discrimination and gender-based violence. This requires an integrated approach to income generation, education, financial inclusion, social norm change, and access to reproductive health services to address barriers to women's economic empowerment. It also requires an approach that looks beyond the traditional tools of microloans and microcredit toward community-driven and community-owned approaches that treat women as financial decision makers rather than simply loan applicants or investment opportunities.

Key Principles to Approaching Women's Economic Empowerment

Initiatives that promote women's economic empowerment and gender equality should be viewed in tandem with several basic principles:

- **Leave No Woman Behind: Focus resources and attention on women at the economic base – poor, low-income, and marginalized women – to achieve lasting results.** Many interventions have neglected women among the poorest of the poor, relying on “trickle down” interventions that begin with higher-income populations and exclusively for-profit models, with the theory that benefits to this group will eventually reach the bottom of the economic pyramid. However, this misses a critical opportunity to empower a broader base of the population and catalyze sustainable development for millions of women with the greatest need in the poorest segments of society. The massive gains in GDP that would be achieved if women participated equally in the economy supports the need to include poor women at the bottom of the economic pyramid in women’s economic empowerment initiatives.
- **Take a holistic approach and tackle root causes.** There are a variety of factors that lead to the disempowerment of women, including discriminatory social norms, gender-based violence and harassment, and discriminatory laws and administrative structures. Issues such as child marriage, gender-based violence, early pregnancy, and lack of reproductive health services or alternative childcare options are genuine challenges to women obtaining the skills, experience, and opportunities they need to advance economically. For instance, globally, participation of women aged 15-39 in the labor force goes down by 10-15 percentage points with each additional child they have.³ Women’s economic empowerment activities should create an enabling environment for women by integrating approaches that address these underlying barriers to both draw in women marginalized by discrimination and empower them to combat such discrimination against themselves and within their communities. In order to be truly gender transformative, approaches should engage women, the wider community, and especially men and boys, in redefining social roles and expectations, leading to broader women’s empowerment, as well as direct participation in control of family income and assets.
- **Women’s voice and participation at all levels is critical.** Initiatives that include women in developing the objectives and design of economic empowerment engagement will have a better likelihood of incorporating the specific needs, aspirations, and capacities of the women served. Inclusion is also a powerful empowerment tool in itself as it engages women to think critically about their goals and available resources. Governments, businesses, and donors all have a role in ensuring that policy reform and programmatic investments in women involve them at the design, implementation, review, and accountability stages.
- **Access to reproductive health and family planning services is inextricable from women’s economic empowerment and self-sufficiency.** Helping women decide if, when, and how many children they would like to have affords them the ability to take advantage of educational opportunities or pursue paid employment if they so choose. Enabling adolescent girls in particular to prevent or delay pregnancies, ensures that women and girls are able to attain levels of education needed to participate and thrive in the formal and informal workforce. Around the world, over 200 million women who would like to time

³ Grepin KA and Klugman J (2013), Investing in Women’s Reproductive Health: Closing the Deadly Gapp Between What we Know and What We Do. Washington: World Bank (2015).

and space their pregnancies lack the tools to do so – investing in family planning and reproductive health services offers a powerful tool in helping empower women and girls to live up to their full potential.

Pathways to Women’s Economic Empowerment

To effectively reach women’s economic empowerment objectives, CARE and others in the international community have designed and tested approaches in both stable and crisis-affected markets. Amongst them, four pathways for successful women’s economic empowerment have emerged:

Financial Inclusion: Bringing women into the realm of financial inclusion, and increasing their control over assets is a recognized key driver to economically empowering women.⁴ Globally, only 24 percent of low-income populations have an account at a formal financial institution, and only 11 percent save at a financial institution.⁵ This further impacts women, who still lag behind men in access to formal financial services by seven percent worldwide and nine percent in developing countries.⁶ CARE’s experience with partners – Barclays, Equity Bank, MasterCard Foundation, UNCDF, Visa, Gates Foundation, Mars, the Government of the United Kingdom, and many others – has proven that forming and training savings groups (more than 75% are women) and then linking them to formal financial services is an effective two-step strategy to enable poor and excluded women to benefit from formal financial inclusion.

CARE’s Village Savings and Loan Associations (VSLA) are designed to ensure women have equal and increased control over financial resources and access to savings and credit. In addition to building financial skills and capabilities these groups simultaneously increase women’s voice and decision-making power within households. The methodology builds on a savings-led approach to financial inclusion; a foundation in saving is one of three interventions proven to accelerate the economic empowerment of women regardless of their context.⁷

Saving groups are recognized as a vital entry point to formal financial services⁸ and there is high demand from groups to protect and grow their savings with formal financial institutions. Our evidence shows that, once linked to a bank, the average savings per member increases between 40% to 100% and the average profit per member doubles.⁹ Key to these outcomes is investing in financial literacy training. CARE’s data shows trained groups who have linked to

⁴ Access to digital, financial, property assets is one of seven drivers to Women’s Economic Empowerment according to the report of the United Nations High Level Panel on Women’s Economic Empowerment (2017), available at: <http://hlp-wcc.unwomen.org/-/media/hlp%20wcc/attachments/reports-toolkits/hlp-wcc-report-2017-05-taking-action-en.pdf>.

⁵ U.S. Chamber of Commerce Foundation, “Financial Inclusion,” available at: <https://www.uschamberfoundation.org/initiative/financial-inclusion>.

⁶ Demirguc-Kunt, Asli et al., The Global Findex Database 2014: Measuring Financial Inclusion around the World, World Bank Policy Research Working Paper 7255 (2014).

⁷ United Nations Foundation: A roadmap for promoting women’s economic empowerment, available at: http://www.womeneconroadmap.org/sites/default/files/WEE_Roadmap_Report_Final_1.pdf

⁸ As referenced in the UN High Level Panel on Women’s Economic Empowerment first, second report and toolkits.

⁹ Barclay’s, CARE, Plan, State of Linkage Report (2016), available at: http://www.secpnetwork.org/filebin/savings_led_working_group/The-State-of-Linkage-Report-2016.pdf

a bank have a significantly higher savings balance and lower dormancy rates than untrained groups.¹⁰

Entrepreneurship: Some of the key constraints to female entrepreneurship include lack of skills and knowledge, limited control over economic resources and earnings, lower productivity in sectors that women typically engage in, and lack of access to credit and financial services. Initiatives such as VSLAs help poor women address some of these constraints – for example, by providing access to basic financial services, and to business skills training. However, supporting women’s ability to build sustainable, profitable and growing enterprises at scale with the potential to enter the formal economy, requires a more focused approach that targets the specific vulnerabilities women might face:

- Enhancing fundamental business **skills and independence** for female entrepreneurs by providing business training, technical skills, access to financial services and technical assistance; gaps in literacy and numeracy may also need to be addressed.
- Enhancing the social or **relational** environment for support to female entrepreneurs through facilitating peer networks, mentoring and women’s collective organization (for example through VSLAs and cooperatives), and engaging men and boys. This will also enhance negotiating power and address some of the structural barriers.
- Addressing **structural** barriers to female entrepreneurship through advocacy for policy and social changes. This requires working with men, local leaders, the private sector and other power-holders to address underlying causes of gender inequality.

Dignified Work: As women encounter violence, harassment, discrimination, and unequal or harsh working conditions in both the formal and informal working sectors, a growing emphasis on dignified work is necessary to uphold their rights. However, irregular, unsafe, poorly remunerated or exploitative jobs do not empower women in the short term or long term. Rather, poor quality jobs can increase disempowerment and marginalization, particularly if women lose their support networks, for example through migration or trafficking, or if their work increases the risk of stigma or exploitation. One critical pathway to achieving respect for women’s rights in the world of work is through promoting collectives to ensure women’s voices are heard, that women have influence over working environments, and that they are able to support each other.

Women in Value Chains: Gaining self-employment or receiving a wage are regularly cited as key pathways out of poverty for women in developing countries. Although much of the rural economy in developing countries relies on women in their role as producers, their contribution is often unrecognized or “invisible.” Even in countries where the bulk of agricultural production is done by women, many crops are erroneously identified as “male crops,” such as cocoa in West Africa.¹¹ In addition, globally, women carry out between three and six hours of

¹⁰ CARE VSLA data 2016

¹¹ While approximately 20% of formally recognised cocoa farmers in West Africa are female, it is estimated that women and girls contribute up to 45% of labour input, mainly through unpaid family labour

unpaid care work¹² each day, which underpins the formal economy, but continues to be considered less important. Gender-based division of labor and other structural barriers like access to land¹³ make it more difficult for women to access business development services and training opportunities, and reduce their productivity and their capacity to benefit from their work. Approaches to empower women in value chains should have the overall aim of enabling women to increase their share of gains through promoting ownership of resources and assets, control over profits, and access to markets.¹⁴

Cross-cutting these pathways is the underlying necessity to develop and expand women's resilience. Women are instrumental in reducing disaster risks, saving to create financial buffers, and are key actors in responding to emergencies as heads of households, workers, and business women. Greater effort has to be made, however, to appropriately support women's economic empowerment before and during crises. This requires an integrated approach by development and humanitarian actors, and policies by governments and donors that support investment strategies for women across the disaster cycle.

Promising Practices

Programmatic practices that are showing signs of broadly impacting women's economic empowerment include approaches such as:

- **Scaling up of savings-led approaches with linkages to financial inclusion and financial literacy for participants.** Across 11 countries in Africa, Asia, and South America, CARE established 35,000 savings groups of 15-30 members each, equipped them with skills to save and manage their money, and then linked them to formal financial institutions. This was the first partnership of its kind between a global bank (Barclays) and international NGOs to link savings groups to the formal banking sector. The results showed an increase of spending on health, education, housing, food and businesses, and a rise in formal financial inclusion. Notably, this approach also led to a rise in perceptions of empowerment with 180,000 women and young people reporting an increase in feeling respected and able to influence community and household decisions.
- **Bringing financial services to rural areas to increase access to financial products promoting savings and credit.** Smallholder farmers and micro-entrepreneurs in Honduras experienced a 488% increase in yellow maize productivity and almost 100% of participants adopted new technologies through a financial inclusion project. Smallholder farmers and micro-entrepreneurs were linked to Cargill's supply chain and encouraged to join Rural

¹² OECD Development Center, "Unpaid Care Work: The Missing Link in the Analysis of Gender Gaps in Labour Outcomes" (2014), available at: http://www.oecd.org/dev/development-gender/Unpaid_care_work.pdf

¹³ In developing countries for which data are available, only between 10-20% of all land holders are women.

¹⁴ Furthermore, partnerships with the private sector are critical to efforts to strengthen women's economic empowerment. For example, since 2016, CARE has partnered with Mars Inc. to empower women smallholder cocoa farmers in Cote d'Ivoire. Cote d'Ivoire supplies the majority of the world's cocoa, and both CARE and Mars are committed to improving the lives of the families who make up the cocoa value chain. By the end of 2019, 5,000 women will have joined Village Savings and Loan Associations in 28 cocoa-farming communities in Cote d'Ivoire, enabling them to invest in improving their cocoa yields, send their children to school, and grow and diversify their incomes.

Savings and Credit Unions (CRAC) – a regulated entity providing financial services in rural areas. From 2014-2016 the capacity of CRACs was strengthened and facilitated members' access to technical training, financial literacy and business skills. This resulted in increased productivity and output, a rise in new businesses, and a notable increase of women holding savings.

- **Developing Women's Skills in Male-Dominated Industries.** The work of CARE and the Gates Foundation to strengthen dairy value chains in Bangladesh increased milk production of producers by approximately 600%, helping meet demand from growing urban markets and significantly growing women's incomes. Mobilizing women across seven districts in Northern Bangladesh to form producer groups and providing access to an informal savings and loans platform and training on modern dairy farming practices resulted in an increase in milk production and incomes, first-time access to financial services, and shifting social norms where new skills coupled with community gender awareness training enabled women to take up traditional male roles in dairy production.

Recommendations for Action

Given the need for targeted investment in women's empowerment, both economically and socially, CARE recommends Congress follow the following approaches and principles as it develops or responds to a U.S. role in this movement:

- **Invest in savings-led approaches that link savings groups to financial institutions.** This approach ensures access to financial products and opportunities for poor and marginalized women to save, have access to and control over their resources, and grow their money – all at less risk than traditional credit-based micro-loan programs.
- **Couple savings-led approaches with financial literacy and business training.** This enables women to better understand methods of saving, managing, and investing their own funds, empowering them to effectively exercise agency over resources they earn.
- **Engage women in the design, implementation, and review of women's economic empowerment policies and programs.** This ensures that initiatives account for the particular context, needs, and capacities of the women they are intended to serve.
- **Ensure that women's economic empowerment approaches integrate objectives to address barriers to such empowerment.** This means critically examining the context – social norms, legal structures, discriminatory regulations – that have worked thus far to restrict women's access to the tools they need to engage in economic activities. Supporting local women's organizations engaged in advocacy around legal and structural reform is critical to this effort.
- **Continue already-established strategies to combat gender-based violence and empower adolescent girls, particularly the U.S. Strategy to Prevent and Respond to Gender-Based Violence Globally and the U.S. Global Strategy to Empower Adolescent Girls.** Each of these comprehensive policy documents address many of the

critical barriers women and girls face in their communities that, amongst other consequences, impede effective economic empowerment. CARE calls on Congress to further support U.S. Government practice by launching the USAID Women's Economic Empowerment and Equality Framework that provides guidance on empowerment of women within economic growth activities.

- **Invest in the power of partnerships.** Through coordinated **global action** it is possible to scale transformative VSLAs to reach the poorest unbanked women and link them to formal financial services. CARE recommends the creation of a **global partnership** of private sector, government and development sector actors for coordinated action to scale up VSLAs and link them to formal financial services to realize impacts. **Formal financial services** providers (FSPs) are increasingly realizing the business opportunity for banking savings groups. In order to reach the necessary scale, FSPs should offer low or no cost savings and credit products, offer a digital and field agent platform to overcome supply and demand side costs to serve, and work with development partners to design products tailored to group needs. **Donors** can fund the scale up of cost-effective systems that deliver high-quality groups and support the coordination and cross-learning of a global partnership. **Development partners** can ensure women fully enjoy the benefits of access to financial services via financial literacy training and linkage, and work with the community to tackle restrictive gender attitudes. **Governments and central banks** can implement policies that support group registration with simpler Know Your Customer requirements, support and fund the scale up of group formation and linkage via their national financial inclusion strategies and ensure supportive bank balance sheet and liquidity measures.¹⁵

Conclusion

CARE USA sincerely thanks Chairman Royce, Ranking Member Engel, and the entire committee for your commitment to examining the variety of needs, approaches, and promising practices that have emerged from decades of working with women to achieve economic empowerment, sustainable development, and social justice. We thank you for the opportunity to share some of CARE's broad experience on women's economic empowerment and stand ready to work with Congress as it continues to advance the rights of women worldwide.

¹⁵ CARE International Briefing Paper to the United Nations High Level Panel on Women's Economic Empowerment Working Group on Financial, Digital Inclusion and Property (2017), available at: http://insights.careinternational.org.uk/media/k2/attachments/CARE_Briefing-Paper-to-the-UN-HLP-Working-Group_Jan-2017.pdf.

Statement for the Record
Submitted by Mr. Connolly of Virginia

In the United States, gender equality and women's empowerment are strongly held American values that are fundamental to our national identity and prosperity. Empowering women and girls around the world is not just the right thing to do, it is an economic and national security imperative. There is a strong connection between a nation's security and stability, and the status of its women and girls. A 2016 McKinsey Global Institute report found that achieving global gender parity in economic activity could add \$28 trillion to global GDP by 2025. But there is no easy path to national prosperity when half of a country's population is subject to widespread economic, political, and social oppression.

This hearing is the latest in a series of hearings focusing on women and girls abroad. We have examined issues facing women around the world in the context of technology, security, and education, and today we turn to financial inclusion. Women cannot achieve economic progress without addressing other barriers to economic participation, such as access to family planning. It is disingenuous to limit the scope of a hearing about empowering women to strictly financial issues, especially when the Trump Administration has dealt blow after blow against women's rights both at home and abroad.

The Trump Administration has paid lip service to the importance of expanding opportunities for women and girls globally. However, the Administration's policies and actions belie those statements. Setting aside the personal attacks unleashed by President Trump himself, discussion of which is beneath the dignity of this body, his Administration has pursued policies that represent a unilateral retreat from America's traditional role as a forceful advocate for women's rights.

The President's FY 2018 international affairs budget proposes a 32 percent cut to U.S. diplomacy and development programs. The President's request would reduce or eliminate every single program dedicated to empowering women and girls. Such a draconian budget hardly represents a commitment to "expanding opportunities for women and girls domestically across the globe," as Under Secretary of State for Political Affairs Tom Shannon said in March 2017.

Historically, the United States has been the largest donor to family planning and reproductive health efforts worldwide. Left to his own devices, the President would zero out all funding for this critical global health priority. Reproductive rights are essential to ensure the health of women and families. When women do not have access to reproductive health services, they cannot stay in school or go to work. According to an analysis by the Kaiser Family Foundation, if the President's proposal were enacted, nearly 25 million women would lose access to contraception, unintended pregnancies would increase by more than 7.3 million, abortions would increase by more than 3.1 million, and there would be an additional 14,400 maternal deaths.

Beyond eliminating funding for family planning and reproductive health efforts, President Trump has reinstated and expanded the Mexico City Policy. This policy, known to critics as the "Global Gag Rule," bars U.S. global health funding from any foreign nongovernmental organization that does not explicitly reject abortion as a method of family planning, even if such

activities are carried out using private funding. Under past Republican administrations, this policy only applied to family planning funds, but President Trump has expanded its application to all global health assistance – a 15-fold increase. One USAID global health implementing partner estimates that the loss of its USAID-funded services over four years will result in 6.5 million unintended pregnancies, 2.2 million abortions – many unsafe – and 21,700 maternal deaths. I am proud to be an original cosponsor of the Global Health, Empowerment and Rights Act (H.R. 671), which would prohibit the imposition of the global gag rule.

Budgets have consequences, and this Administration's budget would categorically harm women and girls around the world. I look forward to hearing from our witnesses regarding what actions Congress can take to continue the United States' longstanding, bipartisan advocacy for the rights of women and girls worldwide.

