



## **The Economic Growth and Development Act (H.R.2747 / S.1274)**

**The Issue:** Since the early 2000s, support for the idea of private sector investments has rapidly increased. However, these ideas have been slow to develop in legislation.

**The Legislation:** The Economic Growth and Development Act seeks to boost market-based economic growth in developing countries. It also creates opportunities for the United States' private sector to become more involved in foreign assistance programs by improving planning and coordination among U.S. departments and agencies.

### **What does the Economic Growth and Development Act aim to do?**

- The bill calls for the establishment of an interagency mechanism to coordinate U.S. development assistance programs with private sector investments.
- This legislation seeks to advance aid effectiveness via improved coordination, transparency and evaluation through a “unified strategy, ambitious targets and robust monitoring and evaluation to ensure that it is efficient, effective and results-oriented.”
- The bill states that results are most likely to be sustainable when assistance programs align with the development priorities of the recipient country, create opportunities for growth led by the private sector and complement instead of replacing government investments in priority sectors through a transparent and accountable system of domestic resource mobilization. This approach can help countries to transition from being recipients of aid to partners in trade with the U.S.
- The legislation builds on the success of the Millennium Challenge Corporation (MCC) model by calling for the completion of constraints to growth and investment analyses to guide any integrated country strategy, regional or functional strategy.

### **Other Noteworthy Facts**

- H.R.2747 was introduced by Rep. Ted Yoho (R-FL) and Rep. Adam Smith (D-WA) while S.1274 was introduced by Sen. Johnny Isakson (R-GA) and Sen. Christopher Coons (D-DE).
- All four sponsors are co-chairs of the newly expanded Congressional Caucus for Effective Foreign Assistance (CCEFA) and leading voices on aid reform.
- Sen. Coons states, “As a businessman, I have seen the power of private investment firsthand and believe that growth through trade and investment will permanently lift developing countries out of poverty. Improved public-private coordination will result in more efficient use of U.S. foreign assistance and will help America’s small- and medium-sized businesses more easily navigate U.S. development programs to learn what tools are at their disposal to help them invest in developing countries. Additionally, this legislation would help ensure that our diplomatic initiatives are well-targeted and achieve real results.”