



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

The Issue: While there is strong, bipartisan support for helping developing countries build and grow their economies, as well as increasing opportunities for the private sector to engage in foreign assistance programs, these ideas have been slow to develop in legislation.

The Solution: The Economic Growth and Development Act seeks to boost market-based economic growth in developing countries. It also creates opportunities for the U.S. private sector to invest more in foreign assistance programs by improving planning and coordination among U.S. departments and agencies. Specifically, the legislation:

- Calls for a mechanism to **coordinate U.S. development assistance programs with private sector investments**;
- Seeks to **enhance aid effectiveness via improved coordination, transparency and evaluation** and by ensuring that aid is efficient, effective and results-oriented;
- Aims to **help countries transition from aid recipients to trade partners with the U.S.** and ensures sustainability by:
 - aligning programs with the development priorities of the recipient country,
 - creating opportunities for growth led by the private sector,
 - and complementing instead of replacing government investments in priority sectors through a transparent and accountable system of domestic resource mobilization;
- Builds on the success of the Millennium Challenge Corporation (MCC) model by calling for **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 and are leading voices on aid reform.
- Sen. Coons stated, “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.”