

115TH CONGRESS
1ST SESSION

S. 1274

To direct the President to establish an interagency mechanism to coordinate United States development programs and private sector investment activities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 25, 2017

Mr. ISAKSON (for himself, Mr. COONS, and Mr. PERDUE) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To direct the President to establish an interagency mechanism to coordinate United States development programs and private sector investment activities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Economic Growth and
5 Development Act”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

1 (1) The promotion of sustainable economic
2 growth is the only long-term solution to lifting peo-
3 ple out of poverty and addressing development chal-
4 lenges such as infectious disease, food security, ac-
5 cess to education, and access to clean water, as re-
6 flected in the Sustainable Development Goals adopt-
7 ed at the United Nations Sustainable Development
8 Summit on September 25, 2015.

9 (2) Several of the greatest development success
10 stories of the past 50 years demonstrate that private
11 sector investment and economic growth are funda-
12 mental to lifting populations out of poverty.

13 (3) A dramatic shift in the composition of cap-
14 ital flows to the developing world necessitates a new
15 approach to official development assistance; whereas
16 40 years ago more than 70 percent of capital flowing
17 to developing countries was public sector foreign as-
18 sistance, today over 80 percent of capital flowing to
19 the developing world comes from the private sector.

20 (4) In order to better leverage United States
21 foreign assistance dollars and to promote sustainable
22 economic development in partner countries, the
23 United States Government must seek to promote
24 economic growth through private sector investment

1 by consulting United States business during develop-
2 ment planning and programming processes.

3 (5) Eleven of the 15 largest importers of
4 United States goods and services are countries that
5 graduated from United States foreign assistance,
6 and 12 of the 15 fastest growing markets for United
7 States exports are former United States foreign as-
8 sistance recipients.

9 (6) With 12 departments, 26 agencies, and
10 more than 60 Federal Government offices involved
11 in the delivery of United States foreign assistance
12 and the promotion of United States investment over-
13 seas, it is unnecessarily difficult for United States
14 businesses to navigate this bureaucracy in search of
15 opportunities to partner with such United States
16 agencies.

17 (7) Although many United States development
18 agencies have taken steps to improve the private sec-
19 tor coordination capabilities of such agencies in re-
20 cent years, these agency-specific strategies are not
21 integrated into a coherent interagency coordination
22 structure to effectively engage the private sector.

23 (8) The United States Government has no
24 streamlined, interagency mechanism for coordination
25 with the private sector for the purposes of develop-

1 ment or promotion of opportunities for investment,
2 nor are the activities of the United States Govern-
3 ment in this area guided by a coherent set of stra-
4 tegic objectives, targets, or operating principles.

5 (9) Whether in the context of a country, sector,
6 or global development strategy, decisions regarding
7 program prioritization and resource allocation would
8 benefit greatly from private sector perspectives and
9 market data and coordination with the private sector
10 from the outset.

11 (10) Development programs can be designed to
12 better attract private sector investment and to pro-
13 mote public-private partnerships in key development
14 sectors.

15 (11) The Millennium Challenge Corporation
16 and the Partnership for Growth both analyze con-
17 straints on growth as part of the planning processes
18 of these organizations, but these analyses need to be
19 included in agency country, sector, and global devel-
20 opment strategies to more effectively inform and
21 guide the full spectrum of United States develop-
22 ment programs.

23 **SEC. 3. DEFINITIONS.**

24 In this Act:

1 (1) ADMINISTRATOR.—The term “Adminis-
2 trator” means the Administrator of the United
3 States Agency for International Development.

4 (2) APPROPRIATE CONGRESSIONAL COMMIT-
5 TEES.—The term “appropriate congressional com-
6 mittees” means—

7 (A) the Committee on Foreign Relations
8 and the Committee on Appropriations of the
9 Senate; and

10 (B) the Committee on Foreign Affairs and
11 the Committee on Appropriations of the House
12 of Representatives.

13 (3) PRIVATE SECTOR.—The term “private sec-
14 tor” means for-profit United States businesses.

15 (4) SECRETARY.—The term “Secretary” means
16 the Secretary of State.

17 (5) UNITED STATES DEVELOPMENT AGEN-
18 CIES.—The term “United States development agen-
19 cies” means—

20 (A) the Department of State;

21 (B) the United States Agency for Inter-
22 national Development;

23 (C) the Millennium Challenge Corporation;

24 (D) the Overseas Private Investment Cor-
25 poration;

- 1 (E) the Trade and Development Agency;
- 2 (F) the Inter-American Foundation; and
- 3 (G) the African Development Foundation.

4 **SEC. 4. PURPOSE.**

5 The purpose of this Act is to maximize the impact
6 of United States development programs by—

7 (1) enhancing coordination between United
8 States development agencies and the programs of
9 such agencies and the private sector and the invest-
10 ment activities of the private sector;

11 (2) integrating private sector input into the
12 planning and programming processes of United
13 States development agencies;

14 (3) institutionalizing analyses of constraints on
15 growth and investment throughout the planning and
16 programming processes of United States develop-
17 ment agencies;

18 (4) ensuring United States development agen-
19 cies are accountable for improving coordination be-
20 tween United States development programs and pri-
21 vate sector investment activities; and

22 (5) promoting and facilitating private sector in-
23 vestment.

1 **SEC. 5. SENSE OF CONGRESS ON UNITED STATES DEVELOP-**
2 **MENT ASSISTANCE.**

3 It is the sense of Congress that—

4 (1) United States development assistance
5 should be pursued in a way that aims—

6 (A) to build and strengthen civic institu-
7 tions;

8 (B) to provide for public accountability;
9 and

10 (C) to serve as the basis for a democratic
11 social contract between the people and their
12 government, and as a basis for graduation from
13 assistance;

14 (2) United States Government policies and deci-
15 sions should be guided by clear benchmarks for the
16 evaluation of partner country commitment to fund-
17 ing development priorities, including the “investing
18 in people” metric of the Millennium Challenge Cor-
19 poration;

20 (3) United States Government programs should
21 be guided by a unified strategy, ambitious targets,
22 and a robust monitoring, evaluation, and public ac-
23 countability plan;

24 (4) United States development assistance
25 should aim to help build the capacity of partner

1 countries to raise and commit partner country re-
 2 sources toward development goals, including—

3 (A) the capacity to increase revenues;

4 (B) transparent budgeting and expendi-
 5 tures;

6 (C) policies and laws that increase domes-
 7 tic investment; and

8 (D) the ability to address the illicit flows
 9 of capital from domestic and international
 10 sources;

11 (5) the Addis Ababa Action Agenda, reached at
 12 the Third International Conference on Financing for
 13 Development, and the emphasis of the Addis Ababa
 14 Action Agenda on economic growth and the commit-
 15 ment of greater domestic resources towards develop-
 16 ment goals, serves as a basis for concrete actions by
 17 donors and partner countries to achieve greater ac-
 18 countability and to foster broad-based economic
 19 growth and the establishment of prosperous, middle
 20 class-based societies;

21 (6) domestic resource commitments and domes-
 22 tic resource mobilization for development purposes
 23 provide a greater chance for sustainability and an
 24 alignment of incentives among stakeholders, includ-

1 ing donors, partner countries, citizens, and the pri-
2 vate sector that drives economic growth;

3 (7) the domestic resource commitments de-
4 scribed in paragraph (6) are opportunities to provide
5 for greater accountability and the building of strong,
6 just social contracts between people and their gov-
7 ernments, allowing governments to raise revenue,
8 address citizen priorities, and be held accountable
9 for results;

10 (8) fostering domestic capacity and domestic re-
11 sponsibility for outcomes is the basis of true country
12 ownership and a transition from assistance to sus-
13 tainability by achieving development goals;

14 (9) public sector development finance programs,
15 which mobilize private capital to achieve develop-
16 ment objectives, are projected to soon overtake tradi-
17 tional grant-based assistance as measured by total
18 capital investments, reflecting an increasing recogni-
19 tion by both donor and recipient countries of the po-
20 tential that development finance holds for driving in-
21 clusive, sustainable economic growth;

22 (10) United States development finance pro-
23 grams should be used for development purposes,
24 complement but not displace private capital, and op-
25 erate free of political agendas;

1 (11) while the United States has the ability to
2 carry out development finance programs through the
3 Overseas Private Investment Corporation, the Devel-
4 opment Credit Authority of the United States Agen-
5 cy for International Development, and the United
6 States Trade and Development Agency, that ability
7 is under-appreciated as a matter of policy and un-
8 derutilized as a matter of development strategy;

9 (12) the Overseas Private Investment Corpora-
10 tion lacks certain development finance tools, includ-
11 ing the ability to make limited equity investments in
12 projects rather than issuing debt and the authority
13 and resources to provide first-loss guarantees or
14 technical assistance;

15 (13) the Overseas Private Investment Corpora-
16 tion is also limited by uncertainty around the re-
17 newal of its legal authorities and would be more ef-
18 fective with the stability and predictability provided
19 by a multi-year authorization and a reformulation of
20 how the agency may use its proceeds for essential
21 staff and overhead expenses while still returning
22 money to the Treasury; and

23 (14) United States development assistance
24 should prioritize and better coordinate resources
25 that support enhanced trade capacity and facilitate

1 fairer and more sustainable trade with partner coun-
2 tries.

3 **SEC. 6. INTERAGENCY STRATEGY AND MECHANISM TO CO-**
4 **ORDINATE UNITED STATES DEVELOPMENT**
5 **PROGRAMS AND PRIVATE SECTOR INVEST-**
6 **MENT ACTIVITIES.**

7 (a) IN GENERAL.—The President shall establish a
8 primary, interagency mechanism to assist the private sec-
9 tor in coordinating United States development programs
10 with private sector investment activities.

11 (b) DUTIES.—The mechanism established under sub-
12 section (a) shall—

13 (1) streamline and integrate the various private
14 sector liaison, coordination, and investment pro-
15 motion functions of United States development agen-
16 cies;

17 (2) facilitate the use of various development
18 and finance tools across United States development
19 agencies to attract greater private sector participa-
20 tion in development activities; and

21 (3) establish a single point of contact for the
22 private sector for partnership opportunities with
23 United States development agencies.

24 (c) ANNUAL STRATEGY.—

1 (1) IN GENERAL.—Not later than 1 year after
2 the date of enactment of this Act, and annually
3 thereafter, the President shall submit to the appro-
4 priate congressional committees a strategy for the
5 facilitation and coordination of private sector invest-
6 ments and activities for the purposes of develop-
7 ment.

8 (2) ELEMENTS OF THE ANNUAL STRATEGY.—
9 The annual strategy required under paragraph (1)
10 shall include—

11 (A) country, sectoral, and global targets
12 for private sector investment facilitation and co-
13 ordination;

14 (B) a description of the specific roles and
15 responsibilities of United States Government
16 departments and agencies involved in meeting
17 the targets described in subparagraph (A), in-
18 cluding within United States missions in-coun-
19 try; and

20 (C) a plan relating to monitoring, evalua-
21 tion, and public accountability.

1 **SEC. 7. INTEGRATING PRIVATE SECTOR COORDINATION IN**
 2 **COUNTRY, SECTOR, AND GLOBAL DEVELOP-**
 3 **MENT STRATEGIES.**

4 The Secretary and the Administrator shall direct
 5 their respective policy teams, including the Assistant to
 6 the Administrator for the Bureau of Policy, Planning and
 7 Learning, and country teams, to include private sector fa-
 8 cilitation and coordination in all country, sector, and glob-
 9 al development strategies, including integrated country
 10 strategies, regional and functional strategies, country de-
 11 velopment cooperation strategies, mission strategic re-
 12 source plans, and global development strategies.

13 **SEC. 8. ANALYSIS OF CONSTRAINTS ON GROWTH AND IN-**
 14 **VESTMENT IN FOREIGN COUNTRIES AND**
 15 **SECTORS.**

16 (a) IN GENERAL.—The Secretary, the Administrator,
 17 and the heads of other relevant Federal agencies shall en-
 18 sure that analyses of rigorous, current constraints on
 19 growth and investment guide all country, region, and sec-
 20 tor economic development strategies.

21 (b) MATTERS TO BE INCLUDED.—The analysis re-
 22 quired under subsection (a) shall include the identification
 23 and analysis of—

24 (1) constraints posed by the inadequacies of
 25 critical infrastructure, rule of law, tax and invest-

1 ment codes, and customs and regulatory regimes of
2 recipient countries, as appropriate; and

3 (2) particular economic sectors that are central
4 to achieving economic growth, such as agriculture,
5 transportation, energy, and financial services.

6 (c) RESULTS.—The results of the analyses described
7 under subsection (a) shall—

8 (1) be incorporated into the development strate-
9 gies of United States development agencies;

10 (2) be used to inform and guide resource alloca-
11 tions; and

12 (3) be made available to the public, and for
13 comment by all stakeholders, prior to finalization of
14 development strategies.

15 **SEC. 9. REPORT.**

16 Not later than 1 year after the date of the enactment
17 of this Act, the President shall transmit to the Committee
18 on Foreign Relations of the Senate and the Committee
19 on Foreign Affairs of the House of Representatives a re-
20 port that describes the specific measures that have been
21 taken to implement this Act and the outcomes that such
22 measures are intended to produce.

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