



ECONOMIC DEVELOPMENT

Economic development involves strengthening policies, markets, and communication across the globe. It creates the opportunities impoverished households need to raise their living standards. When vulnerable people become financially stable, their children go to school more, they are able to save for unexpected costs, and their countries are better able to provide basic goods and services.¹⁰¹

U.S. economic growth programs help build new markets for the United States by expanding trade and supporting the emergence of middle-class consumers that can buy U.S. goods and services. Investments stem from the belief that stable economies are less vulnerable to crises, terrorist activities, and international crime.



Why the United States Invests in Economic Development:

- **More than 1 billion people have lifted themselves from extreme poverty since 1990.**¹⁰²
- **Rural and small-holder farmers can grow better foods.** Farmers who are financially able to buy fertilizers, pesticides, and next year's seed can provide healthier, more nutritious foods to themselves and their community.¹⁰³
- **Economic growth is essential for better governments.** When governments can afford goods and services, from energy to police, effective policies can be implemented.
- **Small businesses keep communities together.** When street vendors, taxi drivers, and small-business owners support each other, communities are better able to weather market shocks and enter the global economy.
- **Markets around the world help U.S. business.** From manufacture to retail, investing in global economies keeps U.S. businesses growing, bringing the investment back home.¹⁰⁴
- **Economically engaged youth foster economic growth and social stability.** Studies show that as much as a third of Asia's economic growth "miracle" over the 1970s-1990s can be attributed to a surge in productivity stemming from population shifts that created a larger workforce of young people who were suitably educated and trained to be absorbed by the market.¹⁰⁵

Examples of Current U.S. Economic Development Programs:

MILLENNIUM CHALLENGE CORPORATION (MCC)

MCC provides time-limited grants to allow partner governments to refine and implement their own development solutions in alignment with the new Sustainable Development Goals. MCC also works to fund programs so countries can cement good policies and governmental reach.¹⁰⁶

OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)

The Overseas Private Investment Corporation (OPIC) is a self-sustaining U.S. government agency that helps American businesses invest in emerging markets, providing businesses with the tools to manage the risks associated with foreign direct investment; fosters economic development in emerging market countries; and advances U.S. foreign policy and national security priorities.¹⁰⁷

POWER AFRICA

Power Africa is a USAID initiative that brings together technical and legal experts, the private sector, and governments from around the world to work in partnership to increase the number of people with access to power.¹⁰⁸

DOMESTIC RESOURCE MOBILIZATION

To support the effective mobilization of domestic resources, USAID works closely with other U.S. government agencies and other development partners to help governments and their revenue agencies to expand their tax bases, reduce tax evasion, and tap new and underutilized sources of taxation.¹⁰⁹

Key Legislation or Government Policies

The BUILD Act of 2018

Enacted 2018

The BUILD Act will leverage U.S. government capabilities to back small businesses and organizations who work in developing, fragile, and emerging markets. This act creates a Development Finance Corporation (DFC) to mitigate risky investments by merging existing private investing partners into one corporation. The DFC provides beneficiaries with increased opportunity to partner with the U.S., a more stable, mutually beneficial, and ethical investment compared with alternative resources provided by China and Russia.¹¹⁰

The Women's Entrepreneurship and Economic Empowerment Act of 2018

Passed the House in the 115th Congress and at time of printing it was hotlined in the Senate

The WEE Act is a bipartisan bill that prioritizes women's economic empowerment and highlights the financial tools, resources, and rights necessary for women to advance. By highlighting critical barriers to women's economic empowerment, the bill brings attention and government resources to the advancement of women as they start and grow businesses, expand their earnings and savings, and bring greater prosperity to themselves, their households, and their communities.¹¹¹