



MEMORANDUM

To: Interested Parties

From: Sean Simons, Press Secretary, The ONE Campaign

Date: June 1, 2018

Re: New bipartisan bill to bring private-sector funds into global poverty fight

There is no more powerful tool for fighting poverty than a job.

American foreign aid saves lives, helps people climb out of poverty, promotes stability, spurs economic growth, and brings hope to the darkest of places. Our generosity also makes Americans safer, creates American jobs, and moves us closer to the day in which American foreign assistance is no longer needed. But American assistance isn't the only powerful tool in America's toolbox. The investment of America's private sector in the economic growth of developing countries could be a transformative force for good, but is currently massively under-utilized.

Private-sector investments are desperately needed in developing countries to build infrastructure, increase first-time access to electricity, start businesses, create jobs and ultimately to reduce the need for American foreign aid. But far too often, poor countries struggle to attract the outside investors needed to create jobs and generate economic growth.

To take advantage of this challenge and opportunity, the United States must find ways to encourage the private sector to invest in developing countries and help them build on effective foreign assistance programs and grow their way out of poverty.

The BUILD Act

Introduced in February by Senators Bob Corker (R-TN) and Chris Coons (D-DE), and Congressmen Ted Yoho (R-FL-03) and Adam Smith (D-WA-09), the Better Utilization of Investments Leading to Development Act of 2018 (BUILD Act), HR 5105 and S 2463, is an innovative way to put tens of billions of new private-sector dollars to work in developing countries building infrastructure, increasing first-time access to electricity, starting businesses, creating jobs, and ultimately reducing the need for American foreign aid. The BUILD Act reimagines American engagement with developing countries by complementing life-saving foreign assistance with help for entrepreneurs to invest in developing countries.

The bill would merge several federal programs into a new “development finance corporation” (DFC) whose purpose would be to mobilize private-sector investments to support sustainable economic growth, poverty reduction, and development through partnerships. The new DFC would make loans to invest in and forge partnerships with innovative entrepreneurs who want to do business in developing countries.

Highlights:

- DFC investments will mainly be in low or lower-middle income countries (as defined by the World Bank) and will be required to have a “social good” element to them.
- Once on its feet, the DFC will be self-sustaining and will not require the American taxpayer to pay into it. In fact, we expect that, like the Overseas Private Investment Corporation (OPIC), the DFC will return money to the U.S. Treasury every year.
- It provides assurances — like political risk insurance — to companies investing in high-risk environments that they could not get from private banks. This helps businesses take advantage of opportunities in emerging markets, while mitigating some of the risk associated with investing in places that are less stable and certain.
- The bill allows the DFC to invest directly in companies, a tool that will make it more competitive with other countries’ development finance institutions that have long had this ability.

The Future of Development

Efforts to end extreme global poverty and disease are dependent on both foreign assistance and private-sector development. For years, Republicans and Democrats in Congress have worked together to change the way the U.S. engages developing countries from charity to partnership. Foreign assistance programs have been reformed and modernized to make sure that every dollar invested in overseas development is spent efficiently and effectively. Even President Trump has acknowledged in his National Security Strategy and FY19 budget request that development finance can be a tremendous tool for good. This is further evidenced by the scale of projects development finance has completed in sub-Saharan Africa, over [530 of them since 1974](#). Imagine how much change development finance could fuel if we unleash its full potential. This innovative bill is the next step in that effort, leveraging America’s private sector to create economic partnerships, lift millions out of poverty and ultimately reduce the need for taxpayer-funded foreign assistance.

Interesting Storylines

1. **Increased focus on private sector development.** For years, foreign aid has been viewed as one of the best ways to lift people up out of extreme poverty. Today, that narrative is changing as Washington is looking at how aid and the private sector can work together to help developing countries.

2. **Even President Trump has signaled his support for private sector development.** In his National Security Strategy and FY19 budget request, President Trump has acknowledged that development finance can be both beneficial to developing countries and American entrepreneurs.
3. **Bipartisanship amidst polarization.** It's not every day that you see members of the Freedom Caucus and Progressive Caucus come together and support a meaningful piece of legislation that will help make a positive difference in the lives of millions.
4. **Catching up to China and the rest of the world.** For years, China and other countries have used similar development finance tools to invest in developing countries and engage new markets. With this proposal, the United States is finally looking to catch up.
5. **From 'tear it down' to 'build it up'.** Just a few years ago, some Republicans were looking tear down OPIC and get rid of the agency entirely. Many are now working to help bolster the agency to ensure America's development finance efforts are competitive with the rest of the world.

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[The ONE Campaign](#) is a policy and advocacy organization of more than 9 million people taking action to end extreme poverty and preventable disease, particularly in Africa. Not politically partisan, ONE was co-founded by U2 lead singer Bono to raise public awareness and press political leaders to combat AIDS and other preventable diseases, increase investments in agriculture and nutrition, and demand greater transparency in poverty-fighting programs.