



## U.S. Trade and Development Agency (TDA)

The U.S. Trade and Development Agency (TDA), an independent U.S. government agency, operates under a dual mission to advance overseas economic development and promote U.S. commercial interests. TDA aims to link U.S. businesses to export opportunities for priority infrastructure projects in low- and middle-income countries by funding project preparation and partnership building activities.

### Background

TDA is authorized permanently under the Foreign Assistance Act of 1961 (FAA), as amended (22 U.S.C. §2421, P.L. 87-195), and it operates under the Secretary of State’s policy guidance. In 1992, Congress established TDA as an independent agency (P.L. 102-549), but its predecessor dates to the 1980s. The TDA Director is appointed by the President, by and with the Senate’s advice and consent. An acting director currently leads TDA.

**Programs.** TDA provides grants to foreign project sponsors (public or private entities that can make decisions and implement projects), who are to select U.S. firms to perform TDA-funded activities. TDA programs include:

- *Feasibility studies* to assess technical, financial, legal, environmental, and other aspects of projects to help secure financing and achieve implementation.
- *Pilot projects* to test U.S. equipment and technology in the foreign buyer’s market to promote U.S. solutions and identify scalability and replicability opportunities.
- *Technical assistance* to enhance the business environment for U.S. exports, which may include support for legal and regulatory reform, the establishment of industry standards, and infrastructure-planning activities in foreign markets.
- *Training* for foreign decision-makers on technology, regulatory issues, or other matters.
- *Reverse trade missions* to bring foreign delegations to the United States to meet with U.S. firms and showcase U.S. products and technologies.
- *Conferences and workshops* to connect U.S. firms with foreign project sponsors.

**Requirements.** The FAA directs TDA “to promote United States private sector participation in development projects in developing and middle-income countries, with special emphasis on economic sectors with significant United States export potential, such as energy, transportation, telecommunications, and environment.” It also instructs TDA to, as much as possible, require firms and other entities to share the costs of TDA-funded project planning and to reimburse TDA for its expenditures if project implementation is successful.

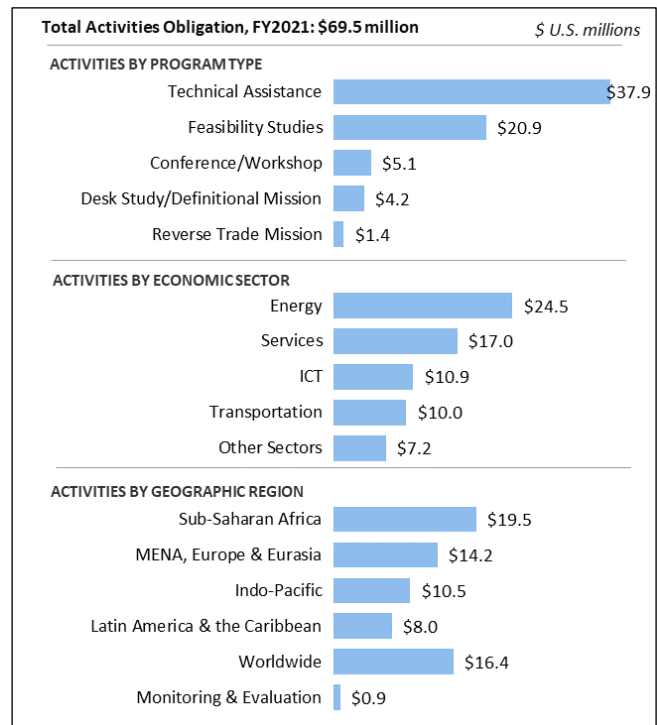
**Funding.** For FY2021, TDA was appropriated \$79.5 million, of which no more than \$19.0 million could be used for administrative expenses. The President’s FY2022

budget request for TDA is equal to the FY2021 enacted level. FY2022 appropriations have yet to be enacted.

In contrast, President Trump’s budget requests for FY2018-FY2021 sought an “orderly closeout” of TDA, based on the premise that the private sector was better suited to carry out TDA’s mission and that other federal agencies could continue to support U.S. exports, U.S. businesses overseas, and international infrastructure development. Congress did not implement these requests to eliminate TDA, and instead funded TDA’s continued operations for each of those years.

**Activities.** TDA provides services in response to private sector demand, but the agency also seeks to spur export growth in high-return activity, based on data-driven analysis. In FY2021, TDA obligated about \$69.5 million for program activities (see **Figure 1**), up from \$68.9 million in FY2020 and \$56.3 million in FY2019.

**Figure 1. TDA FY2021 Value of Obligations**



**Source:** CRS, based on TDA FY2021 annual report data.

**Notes:** Specific categories are TDA-based. ICT = Information & Communication Technology; MENA = Middle East & North Africa.

Among its recent activities, TDA announced grant funding for feasibility studies to expand internet access in underserved communities (Nigeria and Southern Africa). At the 2021 Indo-Pacific Business Forum, TDA announced new funding commitments, including for a feasibility study for solar power plants (the Philippines) and technical assistance to support smart city infrastructure (Vietnam),

and a call for proposals to support new aviation infrastructure (Southeast Asia and the Pacific Islands).

TDA support may help U.S. firms win export bids over foreign competition, including by offering training assistance. For instance, a telecommunications services provider in the Philippines was considering whether to integrate technology from U.S.-based Cisco in its 5G rollout efforts. The network relied primarily on Chinese-government supported suppliers previously. TDA, according to its FY2020 annual report, sought to level the playing field by offering a training program to boost the project implementation capacity of the company's technical and managerial staff; the telecommunications services provider subsequently selected Cisco as a supplier.

Some projects that originate from TDA-funded activity may be financed by other U.S. agencies (see **text box**). For instance, in 2018, TDA supported a study on a potential geothermal power facility in Honduras. The follow-on project received \$135 million in financing from the Overseas Private Investment Corporation (OPIC), which has been succeeded by the U.S. International Development Finance Corporation (DFC). Also in 2018, TDA funded a feasibility study to expand solar-based energy access in Ghana, with the aim of using financing by the Export-Import Bank (Ex-Im Bank) to implement the project.

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### TDA in U.S. Trade Promotion Context

TDA bears similarities with and distinctions from the Export-Import Bank (Ex-Im Bank) and the U.S. International Development Finance Corporation (DFC)—two agencies with which it is frequently grouped, based on its project support, and it may collaborate on projects and initiatives. A core objective of both TDA and Ex-Im Bank is to support U.S. exports. TDA's additional development focus—along with its operation under the Secretary of State's foreign policy guidance—resemble DFC, which seeks to promote private investment in the economic development of less-developed countries. Unlike Ex-Im Bank and DFC, which can extend financing and insurance to eligible users, TDA is limited to providing grant-based funding—an authority that DFC also holds, but for a different aim. TDA and DFC can conduct grant-based feasibility studies and other technical assistance to support, respectively, U.S. exports and investments.

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**Initiatives and Priorities.** In addition to its general programming, TDA has specific initiatives to open markets to U.S. industry and support international competition. A new initiative is the Global Partnership for Climate-Smart Infrastructure, which aims to connect U.S. industry to major clean energy and transportation infrastructure projects in emerging markets. Other initiatives include TDA's Global Procurement Initiative (GPI), to educate public officials in partner countries on public procurement methods to acquire quality, durable technologies for sustainable infrastructure; and Making Global Local, a group of domestic local-level partnerships to connect U.S. firms with TDA programs.

TDA is involved in U.S. government multi-agency initiatives. For example, it aims to support the trade-focused Prosper Africa through its general programs and GPI. TDA also supports other initiatives such as Power Africa and the Western Hemisphere-focused América Crece.

Per the FY2022 international affairs congressional budget justification, goals for TDA are to support Administration

priorities and “help level the playing field” for U.S. companies around the world by: conducting project preparation assistance for sustainable infrastructure; helping position U.S. firms to win against competing foreign infrastructure development efforts like China's “One Belt, One Road”; and promoting value-based procurement methods to enhance development outcomes and international competition.

**Monitoring and Impact.** TDA monitors and evaluates its activities to assess their impact, inform funding decisions, and support oversight and accountability. In FY2021, TDA reported that, on average, each dollar of its programming supported \$117 in U.S. exports (its “export multiplier”), up from \$112 in FY2020. TDA also identified more than \$2.3 billion in new U.S. exports supported by its programs in FY2021, up from \$1 billion in FY2020. Such estimations are complex to make and can be sensitive to assumptions.

### Issues for Congress

**Debate over TDA.** Congress may examine the rationales for and against TDA as it oversees TDA's operations, determines funding, or conducts other TDA-related legislative activity. TDA's supporters, including many in the business community, hold that its programs help U.S. firms compete with foreign firms that have access to similar support through their national programs and that its support may be especially critical for smaller firms with limited resources to conduct their own project preparation analyses. Supporters also note that users share the costs of TDA-funded activity and that some TDA costs are reimbursed. Critics question TDA's impact on U.S. export promotion and foreign policy goals, and argue that TDA distorts market conditions by encouraging commercially unviable activities and, in turn, inefficient use of resources. Critics also contend that TDA activities may provide unnecessary use of taxpayer-funded assistance to businesses.

**Interagency Relationships.** Some past trade reorganization proposals have included TDA. If Congress revisits TDA's organizational structure, it may examine whether TDA's dual export promotion and development focus and its role in helping firms at early stages of international transactions distinguish it from other agencies (e.g., Ex-Im Bank, USAID), or whether TDA's functions overlap with such agencies in a way that calls for streamlining. How TDA and DFC relate to each other, including the extent to which they leverage each other's technical assistance activity and expertise, also may be of congressional interest.

**Competitiveness and Standards-Setting for Overseas Infrastructure Projects.** The Administration seeks for TDA to better position U.S. industry to secure contracts for major overseas infrastructure projects, especially when they compete with state-supported foreign firms, such as from China. To the extent that Congress is aligned with this goal, it may consider whether TDA has the authorities and capacity to do so. Congress also may examine how to shape any role that TDA may play in advancing U.S. efforts to support infrastructure development overseas (such as through the Build Back Better World Initiative), as well as to support standards-setting related to infrastructure (such as through the Blue Dot Network, a public-private certification initiative for infrastructure projects).

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