



U.S. Trade and Development Agency (TDA)

The U.S. Trade and Development Agency (TDA) is an independent U.S. government export promotion and foreign assistance agency. TDA aims to support U.S. jobs by linking U.S. firms to export opportunities for development projects in low- and middle-income countries by funding “pre-export” assistance.

TDA-related issues for Congress may include the economic justifications for its mandate, and its role in supporting U.S. exports, relationship to other U.S. agencies, and intersection with broader U.S. policy goals and priorities.

Background

TDA is authorized permanently under the Foreign Assistance Act of 1961 (FAA), as amended (22 U.S.C. §2421), and 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.

Programs

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

- **Feasibility studies** for infrastructure development projects to assist in securing financing and achieving implementation. Assessments may include technical, financial, legal, environmental, and other aspects of infrastructure development. In some cases, **pilot projects** may be funded to demonstrate U.S. sellers’ goods, services, and technologies in the foreign buyer’s setting, for testing and scaling up in order to secure project funding.
- **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 programs** for foreign decision makers on technology, regulatory requirements, or other areas.
- **Reverse trade missions** to foster commercial ties by bringing foreign delegations to the United States to meet with U.S. firms and to observe the design, manufacture, and operation of U.S. goods and services.
- **Conferences and workshops** that connect U.S. firms with foreign project sponsors.

TDA participates in the Trade Promotion Coordination Committee (TPCC), an interagency body that coordinates

U.S. government export promotion efforts. Some projects that use TDA-funded services use financing from the Export-Import Bank (Ex-Im Bank) for exporting. For example, in 2018, TDA provided a grant to Ghana’s Ministry of Energy for a feasibility study to expand energy access through solar-based, independent “minigrid” energy systems, with the aim of using Ex-Im Bank financing to implement the project. TDA also collaborates with other agencies, such as the U.S. Agency for International Development (USAID), on Administration initiatives.

TDA support may help U.S. firms win export bids over foreign competition. For instance, in FY2020, when a telecommunications services provider in the Philippines was considering whether to integrate technology from U.S.-based Cisco in its 5G rollout efforts for a network that had relied primarily on Chinese-government supported suppliers, TDA 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 company subsequently selected Cisco as a supplier.

Requirements

The FAA directs TDA to promote U.S. private sector participation in developing and middle-income countries and to give special emphasis to economic sectors with notable U.S. export potential, such as energy, transportation, telecommunications, and the environment. The FAA 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

President Trump’s FY2021 budget requested funding to implement an “orderly closeout” of TDA; the Trump Administration contended that the private sector is better suited to carry out TDA’s mission, and that other federal agencies can continue to support U.S. exports, U.S. businesses overseas, and international infrastructure development. Congress did not implement the proposal, instead funding TDA’s continued operations in FY2021. Congress similarly did not implement previous requests to eliminate TDA in each of FY2018-FY2020 (see **Table 1**).

Table 1. TDA Funding (\$ millions) and Employment

	FY17	FY18	FY19	FY20 ^a	FY21
Funding	\$75	\$79.5	\$79.5	\$79.5	\$79.5
FTEs ^b	57	48	62	65 ^c	65 ^c

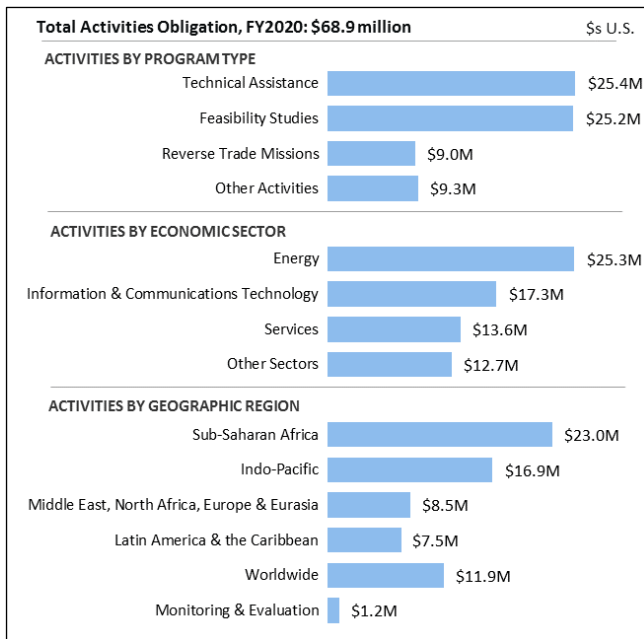
Source: CRS, based on appropriations laws and budget documents.
Notes: (a) Requested. (b) FTEs: Full-time equivalents. (c) Estimated.

Activity

TDA aims to target its support to projects that it has determined offer solid prospects for success, U.S. export growth opportunity, and strong developmental benefits. TDA also prioritizes projects where its support may strengthen prospects for U.S. firms facing foreign competitors or may help a key project reach completion.

TDA services and program activity are provided in response to private sector demand, but TDA also seeks to spur strategic growth in exports and prioritizes activity that generates a high rate of return on the use of its funds based on data-driven analysis. In FY2020, TDA obligated about \$68.9 million for program activities (see **Figure 1**), up from \$57.7 million in FY2018 and \$56.3 million in FY2019.

Figure 1. TDA FY2020 Value of Obligations



Source: CRS, based on TDA FY2020 annual report data.

TDA seeks to align its programmatic resources to advance U.S. foreign policy priorities. For instance, in support of the Trump Administration’s Prosper Africa initiative and Indo-Pacific Strategy, TDA is increasing its overseas presence; in FY2020, it opened up a new office in Nairobi, Kenya, and has plans to open new offices in Manila, Philippines; Kuala Lumpur, Malaysia; and Jakarta, Indonesia.

Ongoing TDA focus areas include infrastructure resilience, global procurement best practices, and supporting LNG projects across the value chain.

Impact, Monitoring, and Evaluation

TDA identified \$1 billion in new U.S. exports supported by its programs in FY2020. To measure the impact of its program activity, TDA calculates an “export multiplier”—the amount of exports TDA identifies as being generated by each dollar of TDA programming. In FY2020, TDA reported an export multiplier of, on average, \$112 in U.S. exports for each dollar of TDA programming.

TDA monitors and evaluates its activities to determine their effectiveness, inform funding decisions, and support

oversight and accountability. The TDA Office of Program Monitoring and Evaluation tracks projects after TDA-funded activities are completed to analyze the link between funding and project outcomes. TDA employs outside contractors for some project evaluation.

Issues for Congress

Rationales For and Against TDA

Supporters of TDA, including many in the business community, hold that TDA programs are key to U.S. export promotion efforts and help U.S. firms compete with foreign firms that have access to similar support through their national programs. TDA’s role 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 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.

Effectiveness and Efficiency

The effectiveness and efficiency of TDA in meeting its dual mandate may feature in any debate over potential reorganization of certain federal agencies, which was a recurring theme during the Trump Administration. TDA supporters may highlight the agency’s export multiplier as an indication of its cost-effectiveness and efficiency, and argue that TDA would be more effective with a larger budget. Critics may question TDA’s impact on U.S. foreign policy and export promotion goals, and whether exports estimated by TDA would have taken place in TDA’s absence. Measuring the impact of a government program can be complicated and sensitive to the assumptions made.

Relation to Other Agencies

Supporters maintain that TDA’s dual focus on export promotion and international development and its role in assisting businesses at early stages of international transactions sets it apart from other federal government agencies, such as Ex-Im Bank and USAID. Critics assert that TDA functions overlap with those of other U.S. export promotion and foreign aid agencies.

How TDA and the new U.S. International Development Finance Corporation (DFC) relate may be of interest, given the DFC’s authority to conduct feasibility studies and perform other technical assistance as part of the DFC’s mission to support private investment in developing countries (Div. F. of P.L. 115-254).

Other stakeholders may call for more interagency coordination. The expansion of TDA’s overseas presence also may prompt examination of how TDA coordinates with overseas missions of other agencies.

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