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U . S . T R A D E A N D D E V E L O P M E N T A G E N C Y

February 12, 2016

Re: Freedom of Information Act ("FOIA") request 2016-004

Thank you for your FOIA request to the U.S. Trade and Development Agency dated February 9, 2016, in which you asked for,

A digital/electronic copy of the USTDA Congressional Budget Justification for FY2014, FY2015, and FY2016.

In accordance with FOIA, the Agency has conducted a reasonable search for the records. All responsive records are being released in their entirety and are enclosed. No other responsive records were found.

Thank you for your inquiry. There is no charge for this search.

Sincerely,

A handwritten signature in blue ink that reads "William Langer".

William Langer
Assistant General Counsel



U.S. TRADE AND DEVELOPMENT AGENCY

FISCAL YEAR 2014
CONGRESSIONAL BUDGET JUSTIFICATION

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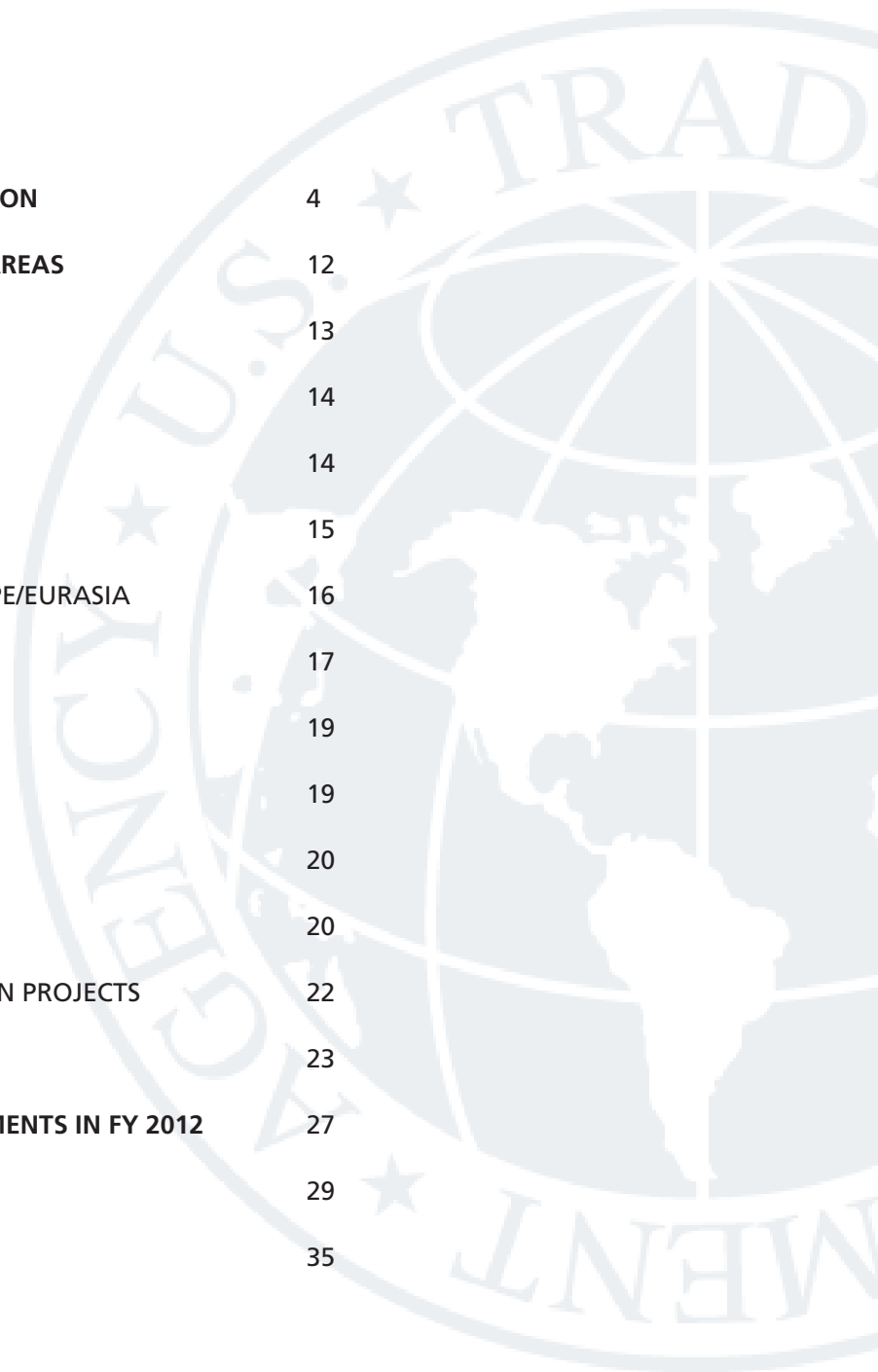
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USTDA'S MISSION

The U.S. Trade and Development Agency helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions while creating sustainable infrastructure and economic growth in partner countries.

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SECTION I: BUDGET REQUEST AND JUSTIFICATION

Funding for the U.S. Trade and Development Agency's (USTDA) budget is an investment that supports economic growth, both at home and abroad, and spurs job creation in the United States. For the fourth year in a row, USTDA's export multiplier increased in fiscal year (FY) 2012 — for every dollar the Agency programmed, an unprecedented \$63 in U.S. exports were generated. Further, the Agency identified more than \$2.2 billion in new exports, bringing the total amount of U.S. exports supported by USTDA's programs to \$32 billion since 1992 and the total number of American jobs supported to 110,000 in the past decade. In FY 2014, through a combination of new and well-established programs, USTDA will continue to address the goals of the National Export Initiative by fostering opportunities that increase exports of U.S. goods and services while supporting the development of sustainable infrastructure in its partner countries.

The Agency will continue its focus in the key sectors of energy, transportation, and telecommunications while continuing to target priority markets in developing and middle income countries, which together are forecast to grow at nearly twice the rate of high income countries in 2014. This targeted approach concentrates investments in areas of the greatest opportunity, thereby positioning U.S. companies to achieve exceptional results.

To achieve these results, USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions that create economic growth in its partner countries. Through a rigorous evaluation process, USTDA constantly identifies new export opportunities for U.S. businesses and strategically invests to develop emerging markets into strong, viable trading partners for the United States. The result is a win-win scenario: U.S. companies build relationships in and make sales to new markets, while partner countries commit to sustainable economic development projects.

Numerous entities, including U.S. companies, trade associations, and research institutes, have recognized USTDA's effectiveness in both economic development and job creation. In a letter last year to the House and Senate Appropriations Committees, the U.S. Chamber of Commerce stated, "[A]t a time when there is a bipartisan consensus that the United States must boost exports to generate growth and jobs at home, cutting funding for USTDA would eliminate an essential tool for achieving this critical objective." Similarly, a recent report from the Center for Strategic and International Studies referred to USTDA as "perhaps the ideal bridge institution between an assistance relationship and a trade and investment partnership,"¹ and recommended that "USTDA, through its extensive suite of trade-based services... be a central part of U.S. development policy in countries that will undergo assistance transition."²

In order to build upon these crucial efforts to increase opportunities for U.S. businesses in emerging economies, USTDA respectfully requests a budget of \$62.662 million for FY 2014.

¹ Runde, Daniel F., Johanna Mendelson Forman, Amasia Zargarian, and Ilona Teleki. Strategic Foreign Assistance Transitions: Enhancing U.S. Trade and Cooperation Relations with Middle-income Countries, pg 3 Rep. Washington: Center for Strategic and International Studies, 2012. Print. Project on Prosperity and Development.

² Id at 91



USTDA Mission, History and Programs

The Agency's unique ability to provide development assistance to emerging economies while integrating and leveraging the resources of the U.S. private sector satisfies two important objectives: (1) generating economic growth and jobs at home; and (2) promoting investments in "smart" development that generate measurable developmental impacts and ensure long-term sustainability abroad. USTDA accomplishes these goals while maintaining the nimbleness and flexibility to advance critical foreign policy goals and support the expansion of U.S. exports overseas.

USTDA is well equipped by its statutory mission, its expertise and operations to continue making significant contributions to increasing U.S. exports and advancing economic development in developing and middle-income countries. Spun out of USAID in the 1980s as a means to achieve a commercial return on U.S. foreign assistance spending, USTDA's program tools advance trade promotion and an array of U.S. policy objectives in sectors such as energy, transportation, and telecommunications. USTDA's approach to foreign assistance generates mutually beneficial results through the formation of long-term business relationships that foster sustainable development, facilitate local private sector growth, improve trade relations, advance U.S. commercial interests and create U.S. jobs.

"USTDA's programs directly support U.S. businesses facing competition from companies subsidized by foreign governments. From tied training grants to strategically timed reverse trade missions, USTDA helps U.S. firms compete on an international playing field that is often skewed against them."

- Letter to Congress from the United States Chamber of Commerce, the United States Council for International Business, The Coalition for Employment Through Exports (CEE), the National Foreign Trade Council (NFTC), and the Emergency Committee for American Trade (ECAT)

USTDA has statutory authority to operate in middle-income countries "including those in which U.S. development programs have been concluded or those not receiving assistance" under the Foreign Assistance Act³. This authority permits the Agency to serve as a bridge between traditional donor assistance and strictly commercial development.

Leveling the Playing Field

As U.S. businesses work to remain competitive, the mission of USTDA is a critical component of America's global economic leadership. Today, 95 percent of the world's consumers live outside the United States, and it is our explicit mission to connect U.S. producers to those markets. The fierce competition that U.S. companies face in emerging economies has led to an increase in requests for USTDA support from U.S. firms as they push to identify new opportunities abroad. In the aftermath of the financial crisis, USTDA's program is being relied upon more and more by American businesses to help open markets and level the playing field against foreign competition. From tied training grants to strategically timed reverse trade missions, USTDA helps U.S. firms to successfully compete on an international playing field.

³ Sec. 201. Trade and Development Agency, Jobs Through Exports Act of 1992.



USTDA Programs Open Markets for U.S. Companies

USTDA has a unique array of programs available for U.S. firms as they seek to develop international markets for their goods and services. The following activities are specifically designed to open markets for U.S. exports and support economic development abroad.

The International Business Partnership Program: Connecting U.S. Firms with Foreign Buyers

In a targeted effort to maximize the exports immediately resulting from our investments, USTDA launched the International Business Partnership Program (IBPP), which is designed to connect international buyers with U.S. manufacturers and service providers in order to open new export markets and commercial opportunities for American companies.

As part of the IBPP, USTDA has increased its investment in reverse trade missions (RTMs), which bring foreign buyers to the United States, pending an upcoming procurement, in order to observe the design, manufacture and operation of U.S. products and services that can help them achieve their development goals. These strategically planned missions also present excellent opportunities for U.S. businesses to establish or enhance relationships with prospective overseas customers.

USTDA also organizes worldwide conferences and workshops to connect U.S. firms with foreign project sponsors. These sector- or project-specific events are designed to showcase U.S. goods, services and technology to foreign buyers. U.S. firms also have the opportunity to meet one-on-one with overseas project sponsors, providing U.S. companies a better understanding of upcoming procurement opportunities and how they can position their firms to take advantage of such opportunities.

Together, IBPP programs connected more than 600 foreign buyers to 1,000 U.S. company representatives in FY 2012 alone. USTDA has already identified significant exports as a result of these activities.

Feasibility Studies, Pilot Projects, and Technical Assistance

In addition to introducing U.S. businesses to foreign buyers to establish or enhance business partnerships, USTDA invests directly into development projects at the earliest stages, giving U.S. businesses an opportunity to position their goods and services before procurement decisions are made.

USTDA-funded and U.S.-led feasibility studies link foreign project sponsors with U.S. businesses at the critical early stage when technology options and project requirements are being defined. These studies provide the design specifications as well as the technical, legal, and economic analysis required for major infrastructure investments to receive financing and move forward to implementation.

In some cases, export opportunities depend on a demonstration of the U.S. seller's goods, services or technologies in the foreign buyer's setting. USTDA-funded pilot projects demonstrate the effectiveness of commercially-proven U.S. solutions and provide the analysis, evaluation and empirical data needed for foreign project sponsors to secure funding.



USTDA also advances economic development in partner countries by funding technical assistance that supports legal and regulatory reform related to commercial activities and infrastructure development, the establishment of industry standards, and other market-opening activities. These technical assistance programs facilitate favorable business and trade environments for U.S. goods and services.

Gap Analysis

Finally, there remain challenges that impede implementation and prevent the Agency's U.S. private sector partners from realizing the full export potential of their projects. These challenges, long identified by the Agency, include critical project-funding gaps in the project development life cycle. These gaps are also increasingly recognized by USTDA's sister U.S. government agencies⁴, multilateral development banks (MDBs) and commercial lenders as obstacles to the financing of quality infrastructure projects.

To address these obstacles, USTDA will support unique solutions to help fill the identified gaps and bring more projects to the level required to receive financing. Filling these gaps will allow a greater number of meritorious projects to move forward to successful implementation, opening new opportunities to increased exports of U.S.-manufactured goods and services.

In order to understand the gaps that delay project development, it is important first to understand the six stages of the project development life cycle (See Exhibit A on the following page). The first stage, Project

SUCCESS STORY

Pilot Project Demonstrates the Strength of U.S. Technologies

Assisting Sutron's (Sterling, VA) efforts to expand sales in China for water monitoring technologies, USTDA supported a feasibility study and pilot project to demonstrate Sutron's state-of-the-art technology along the Yangtze River and its tributaries. Such technology is critical to identifying and responding to pollutants and water degradation in order to provide clean drinking water to millions of people.



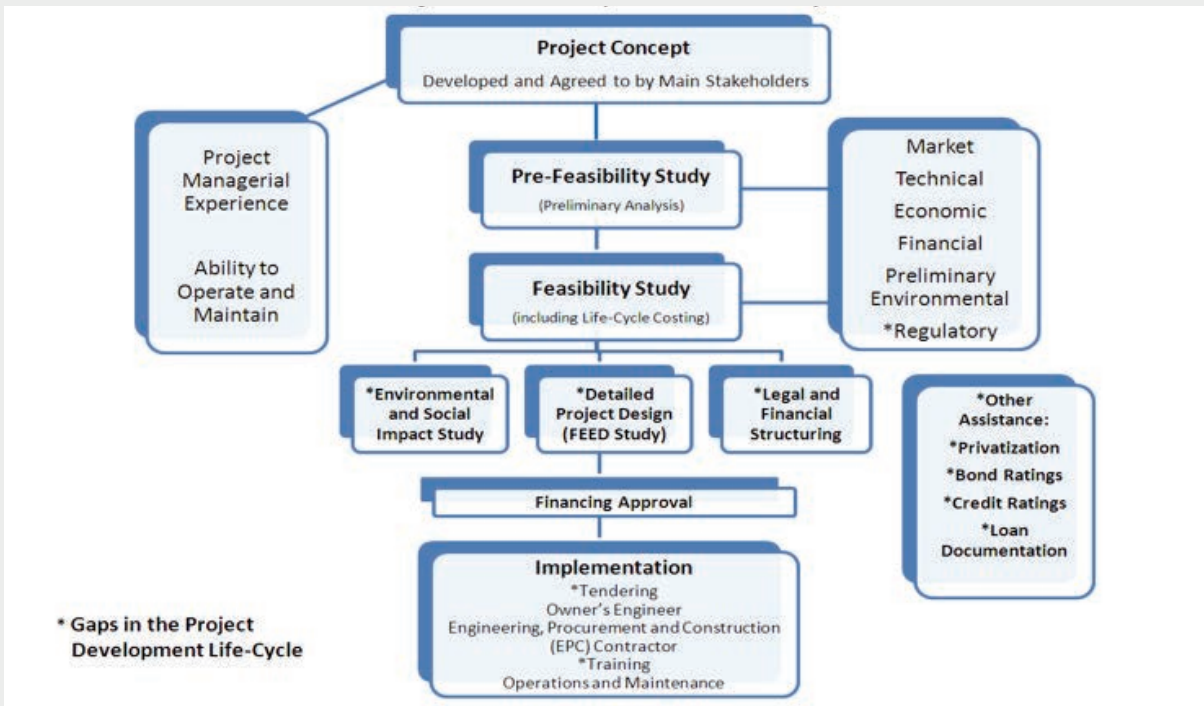
The success of the pilot project drew the attention of other water authorities in China, who approached Sutron to purchase their technology. As an industry leader capable of providing complete system integrity from engineering and design to manufacturing, installation and long-term maintenance, Sutron was able to respond to China's needs and, in 2012, secured their first sale as a direct result of the pilot project. Sutron's data collection, alarm, and control software will now allow China to receive, process, calculate, analyze and distribute water monitoring data in real time via multiple electronic platforms.

⁴ Based on discussions with the Overseas Private Investment Corporation (OPIC), Ex-Im, the Departments of Commerce, State and Treasury and the National Security Staff.



The second stage, the Pre-Feasibility Study, provides more general market and economic justification for the project. The third stage is the full Feasibility Study that evaluates the economic, technical, and financial viability of a project. This stage examines the project structure; addresses market, legal and regulatory issues; provides preliminary environmental and social impact analyses; and proposes various financing options. The fourth stage, which may vary depending on the type of project being developed, is the Detailed Design stage, sometimes known as a Front End Engineering and Design (FEED) study. FEED studies require significant engineering, architectural, and design details. Most infrastructure projects also require full environmental impact and social impact assessments to move to the fifth stage, the Financing stage. With the money secured for project implementation, the final stage is the Project Implementation stage, which may include tendering for vendors, engineering, procurement and construction contractors, equity investors and engineers to implement the project.

EXHIBIT A: PROJECT DEVELOPMENT LIFE CYCLE



With the project development life cycle in mind, it is easier to identify the factors and obstacles that a project will face throughout the various stages of its development. Multiple factors, beyond the U.S. Government's control, hinder project implementation, such as political instability, change of host country government priorities, and changes in the market. However, other equally detrimental obstacles can be addressed by USDA's program.



Obstacles or gaps a project may face include:

- Need for detailed project engineering and design;
- Weak legal and regulatory structures;
- Lack of proper financial and legal expertise;
- Insufficient institutional or managerial capacity;
- Need for independent credit ratings, bond financing, or help with loan documentation;
- Absence of adequate tariff structures;
- Need for environmental impact assessments, soil studies, and/or environmental/social management plans;
- Need for social impact plans;
- Lack of experience to negotiate power purchase agreements (PPAs) and structuring off-take agreements; and
- Qualified personnel necessary to successfully evaluate and implement projects.

The need for funding to address these obstacles, which are among the most common causes of project failure, cannot be overstated. Financiers are unwilling to lend until such gaps have been closed. USTDA has specific expertise and capability to close these gaps to lead these projects to final implementation through its existing set of advisory assistance services.

Even the most sophisticated project sponsors can struggle during the post-feasibility study phase of project development. The most carefully crafted feasibility study cannot overcome the absence of an appropriate regulatory environment. Similarly, a successful design and engineering study to build a power plant cannot go to financial close without the necessary power purchase agreement in place to buy the power produced. Unfortunately, these critical project development components are often completed in piecemeal fashion, not done in a timely manner, or not done at all, ultimately resulting in project failure. Because of budget constraints, USTDA historically has been able to provide limited specialized assistance in these areas. However, with additional budgetary resources USTDA could be far more effective in bridging such gaps and helping to shepherd projects through to implementation.

USTDA has the expertise, experience and authorization to provide assistance broadly across the project development life cycle. USTDA has identified two core areas in which—with sufficient resources—it can offer specialized assistance to help fill these gaps for meritorious projects: (1) advisory assistance services and (2) engineering and design studies and impact assessments.

Advisory Assistance Services

USTDA has the ability to provide critical advisory assistance to project sponsors in order to qualify for financing (e.g., legal assistance to negotiate project documents, financial modeling for debt service coverage, etc.). USTDA may also provide technical assistance designed to create the necessary legal and regulatory infrastructure to support private sector participation in various sectors to host countries (e.g., regulations permitting independent power producers, feed-in tariffs, etc.). Finally, among other things, the Agency can provide needed advisory services and training related to project selection and procurement (e.g., privatization, tendering process, etc.).



USTDA is poised to provide these specialized advisory services to assist prospective project sponsors in complying with requirements of U.S. government, multilateral, and private sector financing institutions and to help move projects to successful implementation.

Engineering and Design Studies and Impact Assessments

Large infrastructure projects often require FEED studies. Many also require full environmental and social impact assessments before moving forward. Historically, USTDA has not funded these types of assessments, which can cost over a million dollars or more to complete, because of the dramatic impact it would have on the number of activities that USTDA could undertake each year. However, USTDA has become increasingly aware that the absence of such assessments is an ongoing impediment for project development and financing. As such, it is preventing meritorious projects from advancing and U.S. companies from realizing the associated exports.

Use of Evidence in USTDA's Strategic Planning

USTDA has historically used evidence and rigorous evaluation in arriving at its policy and program decisions. For example, towards the end of each fiscal year, the Agency embarks on a strategic planning process that involves a thorough evaluation of the Agency's performance; significant research and collaborative analysis of performance data and sector performance reports; and review of feedback from U.S. industry, the Administration and other U.S. government agencies. The culmination of this process is the development of an annual strategic plan that targets those emerging opportunities in developing and middle income countries that are most likely to support U.S. export opportunities and the creation of U.S. jobs. The Agency believes that the rigor of this process has played an important role in its current ability to generate more U.S. exports per program dollar than at any other time in the Agency's history.

As a result of this process and as will be described further below, in FY 2014 USTDA will focus on eighteen priority countries and prioritize the energy, transportation, and telecommunications sectors for funding. The Agency will also seek to enhance its existing tools and programs to meet increasing and changing demands and to assist its sister U.S. government financing agencies, the multilateral development banks and other sources of financing to move projects to implementation.

"USTDA is unique among development agencies in successfully supporting U.S. jobs by facilitating exports of U.S. goods and services for priority development projects in low and middle income developing countries. Unlike other aid agencies, USTDA links U.S. businesses to sustainable infrastructure and other opportunities in developing countries."

- Letter to Congress from Bechtel Enterprises, Caterpillar, Inc., Coalition for Employment Through Exports, Fluor Corporation, General Electric, Motorola Solutions, Oracle, Oshkosh Corp., Siemen's Corp., and Westinghouse Electric Co



Supporting Small Businesses

Small businesses create about 70 percent of the new jobs in America, and USTDA has helped U.S. small businesses expand into international markets. Over the past twenty years, USTDA has supported high-paying U.S. jobs by helping small and medium-sized enterprises (SMEs) across the United States increase their international sales. By responding directly to the needs of America's SME exporters, USTDA has consistently supported their efforts to enter or expand into emerging markets in an increasingly competitive landscape.

From showcasing the unique technologies and specialized services SMEs offer through reverse trade missions, to funding activities that connect technical experts with foreign project sponsors during the critical early stages of a project's definition, USTDA positions small companies to succeed in the global marketplace. More than 88% of all FAR contracts directly awarded by the Agency in FY 2012 were awarded to small businesses.

SUCCESS STORY

Small U.S. Business on the Fast Track to Export Success

Illustrating USTDA's commitment to SMEs is the Agency's partnership with The Ford Meter Box Company, Inc. a private, family-owned business based in Wabash, Indiana with manufacturing plants in Wabash and Pell City, Alabama. After winning a bid to perform an Asian Development Bank-funded project in Vietnam, Ford Meter Box was eager to increase its sales in country. Despite their concentrated efforts, however, the company faced several challenges expanding into this growing market until they participated in a USTDA-funded reverse trade mission, which provided access to key decision makers from Vietnam's water industry.

During this visit, Ford Meter Box was able to demonstrate their pioneering line of waterworks equipment and explain how U.S. water distributors employ the company's products throughout their operations. This visit served as a springboard for Ford Meter Box to increase its exports to Vietnam and establish long-lasting relationships.

"...Being a manufacturer located in small rural Indiana and Alabama communities, exporting our products overseas is important to building long term opportunities for both of our factories. The strong support by USTDA in educating international customers on U.S. technologies, such as those used in the U.S. water supply industry, positively affects the many families in our communities that benefit from jobs generated when supplying our products to new international markets."

- Bob Mason, Vice President and International Sales Manager, Ford Meter Box



SECTION II: REGIONAL PRIORITIES

USTDA continuously examines its program through a rigorous evaluation process and applies that information critically to develop strategic plans for its activities. Three years ago, as a result of agency strategic planning, the decision was made to identify and focus agency activities on priority countries. This strategy has proven effective. It has allowed the Agency to increase market penetration and target its funding in key areas where U.S. companies have the most to offer USTDA's partner countries and the most to gain from exporting to these markets. Based upon its most recent evaluation, USTDA will target eighteen key markets that offer a strong probability of project success, growth potential for U.S. exports, and strong developmental benefits. These markets also align with the priorities established by the Trade Promotion Coordinating Committee and the President's Export Promotion Cabinet. Further, USTDA's work in these markets fulfills several of the stated goals of the President's Global Development Agenda, such as supporting public-private partnerships that promote economic development priorities and initiatives.

An investment by USTDA in priority countries is an investment in job creation and economic growth, particularly as emerging markets continue to demonstrate strong opportunities for U.S. businesses. The International Monetary Fund's (IMF) World Economic Outlook currently projects global growth to be 4.4 percent in 2014; due largely to financial conditions in Europe. In contrast, as seen in Table 1, based on the IMF's projections for that same period, USTDA's eighteen priority countries are expected to grow by 6.7 percent.⁵ That growth rate is more than two and a half times larger than the forecasted 2.4 percent growth for the world's high-income countries.⁶ These priority countries also accounted for 31 percent of all U.S. exports in 2011, up six percent from their share of the U.S. export market less than a decade ago.⁷

TABLE 1: GDP GROWTH PROJECTIONS IN USTDA'S PRIORITY COUNTRIES

Real GDP growth	2011 estimate	2012 forecast	2013 forecast	2014 forecast
World	3.9	3.5	3.9	4.4
High Income	1.6	1.4	1.9	2.4
United States	1.7	2.0	2.3	2.9
Priority Countries	6.9	5.8	6.4	6.7
Brazil	2.7	2.5	4.6	4.0
Chile	5.9	4.3	4.5	4.5
China	9.2	8.0	8.5	8.7
Colombia	5.9	4.7	4.4	4.5
Egypt	1.8	1.5	3.3	5.0
Ghana	13.6	8.8	7.4	6.6
India	7.1	6.1	6.5	7.5
Indonesia	6.5	6.1	6.6	6.9
Kenya	5.0	5.2	5.7	6.3
Mexico	3.9	3.9	3.6	3.8
Morocco	4.3	3.7	4.3	4.8
Nigeria	7.2	7.1	6.6	6.5
Panama	10.6	7.5	6.6	5.9
Philippines	3.7	4.2	4.7	5.0
Romania	2.5	1.5	3.0	3.7
South Africa	3.1	2.6	3.3	4.0
Turkey	8.5	2.3	3.2	4.0
Vietnam	5.9	5.6	6.3	6.9

Source: IMF World Economic Outlook

⁵ Consistent with IMF methodologies, the aggregate growth rates for the 18 priority countries were calculated using a weighted average, thereby accounting for relative size of the priority country economies.

⁶ IMF World Economic Outlook Database, April 2012. (including July 2012 update)

⁷ United States. Department of Commerce, Census Bureau. International Trade Data available at <http://www.census.gov/>

In these priority countries, the economic growth and expanding share of the U.S. export market⁸ offer a myriad of opportunities to U.S. businesses to expand their overseas markets. However, there is enormous competition in these emerging markets, and opportunities for U.S. businesses and workers could go unrealized. USTDA was established to support U.S. exporters to meet this competition. In each of these identified markets, USTDA will focus on priority sectors (See Section III) consistent with its export promotion and development mission.

Major Emerging Economies

Brazil, China and India are three major emerging economies that continue to receive considerable attention from the U.S. business community because they offer tremendous export opportunities. Although growth has slowed somewhat in these markets, China is expected to grow by approximately 8.7 percent in 2014, India's projected growth is 7.5 percent and Brazil's project growth is 4.0 percent during the same period. These figures are especially notable in the context of the projected 4.4 percent world GDP growth.⁹

The International Monetary Fund predicts that these three countries will account for more than 25 percent of world GDP in just three years' time, up from 13.4 percent in 2009. Simply put, Brazil, India, and China will have the need and resources to acquire a substantial amount of goods and services over the next several years, much of which will be imported. For U.S. companies to be competitive and successful in these growing markets, it is essential that procurement and project development officials—both public and private—in those countries are provided meaningful access to, and experience with, U.S. goods and services.

India: Commercial Cooperation Continues to Take Off

In 2009, USTDA partnered with U.S. industry and key Indian government agencies to organize the 2nd U.S.–India Aviation Summit. The Summit provided momentum to the growing strategic and commercial relationship between the Indian and U.S. aviation sectors. As a direct result of the Summit, USTDA has identified over \$300 million in sales from U.S. firms to the Indian aviation industry.

The two-and-a-half-day conference, which was complemented by two days of site visits, attracted senior-level participation and broad representation from the U.S. and Indian aviation communities from both the public and private sectors. The Summit assisted the Airports Authority of India and the Directorate General of Civil Aviation in identifying advanced technologies and best practices that would serve the expansion and modernization needs for India's continued sector growth. Already, as a result of the Conference, companies from Washington, Wisconsin, New York and Colorado have secured sales for aircraft, engineering services, and airport expansion equipment to airlines and airports across India.

⁸ According to U.S. Census Bureau International Trade Data, available at <http://www.census.gov/foreign-trade/balance/>, they accounted for 35 percent of all U.S. exports in 2011, up five percent from their share of the U.S. export market in 2008.

⁹ IMF, World Economic Outlook Update: New Setbacks, Further Policy Action Needed, July 16, 2012, Table 1



In FY 2014, as a part of USTDA's strategy to open India's market to greater U.S. exports, USTDA will seek increasing opportunities to work with the local private sector, while continuing to design effective programs to engage important government-dominated sectors. In FY 2014, USTDA expects to see increased activity in clean energy and energy efficiency activities as the U.S.-India Energy Cooperation Program, which was formally initiated in November 2010, continues its rapid growth. In the aviation sector, USTDA will continue to play a central role supporting aviation capacity growth, safety management, and the transition to new air traffic management technologies for India's rapidly growing market. The U.S.-India Aviation Cooperation Program will see an increase in activities supporting programs that advance our bilateral relationship and India's development goals, while leveraging substantial cost-sharing from U.S. aviation companies.

In Brazil, as the country prepares to host the World Cup in 2014 and the Summer Olympics in 2016, USTDA is well positioned to help connect U.S. businesses to critical infrastructure development opportunities and respond to the additional demand from both the U.S. private sector and the Brazilian government and private sector. Inspired by the continued success of the Aviation Cooperation Programs in China and India, and in response to the requests of our aviation industry partners, USTDA recently launched a U.S.-Brazil Aviation Partnership. The Brazilian aviation market has grown 194% in 10 years, and that growth is expected to continue. This public-private partnership will connect U.S. businesses directly with opportunities in Brazil, affording them a greater role in developing Brazil's aviation systems.

In FY 2014, China will remain a key market for USTDA to promote public-private partnerships and strategic trade policy initiatives. Infrastructure planning activities in core sectors such as energy and transportation will comprise a majority of the portfolio in FY 2014, as well as continuation of a strategic healthcare pilot project.

USTDA should continue to invest in China for several key reasons: 1) a sustained high level of success with respect to USTDA's primary measurement of Agency effectiveness; 2) overwhelming support from the U.S. business community for continued and expanded USTDA action in China; and 3) parallel support from U.S. trade agencies, including the U.S. Trade Representative and the Departments of Treasury, Energy, State, and Commerce which note USTDA's capability to rapidly mobilize activities to support U.S. trade policy priorities.

Next Tier Markets

Not far behind these three major developing economies are the "next tier" markets that are likely to experience relatively high GDP growth rates. These countries will be critical to continued and sustained U.S. export growth.

Latin America

In FY 2014, USTDA's program in Mexico, Chile, Colombia and Panama will focus on modernizing regional transportation linkages, supporting clean energy, improving quality of life in the region through the application of modern environmental technologies and by promoting the growth of telecommunications infrastructure. In Mexico, such projects will derive from Mexico's renewed investments in infrastructure development, the efforts of individual Mexican states to improve existing infrastructure and extensive



Mexican participation in recent reverse trade missions to help USTDA find, examine and develop potential projects. In Colombia, USTDA will build on its successful program to help the country prepare for significant investments in transportation systems and clean energy development.

Chile remains a consistent market for USTDA's program. Given the country's investor-friendly climate, stable economic outlook and strong investment grade rating, Chile provides an appealing environment for U.S. trade and investment. Of particular interest is the Chilean government's recent unveiling of its priority list of infrastructure projects, many of which are in the transportation sector. Also, Chile is particularly active in the Energy and Climate Partnership of the Americas and seeks to cooperate with the United States on broadening the use of renewable energy technologies.

Situated at the crossroads between North America and South America, Panama is a nation with significant potential for growth, especially in the transportation and logistics sectors. Panama currently has the fastest rate of GDP growth in the region, thanks in part to several major infrastructure projects the Panamanian government has embarked upon, including the building of a third set of locks for the Panama Canal (valued at over \$6 billion), the expansion of Panama's main international airport and the construction of a \$1.6 billion subway system.

Southeast Asia

Market opportunities remain significant in Indonesia, and many U.S. companies remain determined to penetrate this market and not to be excluded by foreign competition. Building on RTM export successes from 2011 – an award to Techno-Sciences Inc. from BASARNAS and an Oshkosh rescue trucks procurement, USTDA continues to see Indonesia as a key market for increasing exports and supporting long-term economic development. Following on a geothermal development reverse trade mission, U.S. company, Partnership International, was awarded a \$1 million contract to provide further investment support in Indonesia. At the same time, the Ministry of Energy and Mineral Resources has announced a geothermal feed-in tariff with incentive rates to accelerate investment and development, creating greater opportunities for USTDA to focus its program.

Vietnam continues to be the single largest country portfolio in Southeast Asia for USTDA with 11 project activities spanning aviation, water and the environment, energy, and ICT. In the environmental and energy sectors, USTDA is working in close collaboration with U.S. Ex-Im Bank, the Asian Development Bank (ADB) and World Bank. Specifically for Vietnam, in FY 2014, USTDA will continue to focus on water and the environment as the ADB approved a \$1 billion multi-tranche finance facility in 2011 from ordinary capital resources for its Water Sector Investment Program.

In the energy sector, in FY 2014 USTDA will continue to support project proposals from U.S. companies to help develop Vietnam's power grid by targeting the ICT backbone for transmission and distribution as well as integrating renewable energy into the power system. These projects are complementary to Ex-Im Bank's October 2011 Memorandum of Understanding with the Vietnam Development Bank to support \$1 billion in wind energy development and the National Power Transmission Corporation's \$5 billion in planned power grid investments. The power transmission efforts are in turn supported by a \$1.2 billion multi-tranche financing facility from the ADB and \$520 million in support from the World Bank.



USTDA has historically had a small program in the Philippines, though it has engaged the Philippines on a broad cross-section of activities on a multilateral level. Going forward, the country is in the process of developing a master plan for rail, which aims to increase the level of freight rail and reduce the amount of trucks in Metro Manila. The master plan is expected to be finished in 2013 and could generate new project opportunities for USTDA. Supplementing this development is the desire by the Department of Transportation and Communications to work with USTDA on transportation projects in the Philippines.

Middle East/North Africa and Europe/Eurasia

The Middle East occupies a central place in U.S. foreign policy, and consequently USTDA remains focused on supporting economic development in our partner countries throughout this critical region. USTDA is working very closely with U.S. companies, overseas project sponsors, the U.S. Foreign Commercial Service and the Ex-Im Bank, to identify key opportunities where the agency can maximize its effectiveness in connecting U.S. goods, services and technologies to overseas priority project opportunities. U.S. firms in the energy, ICT, and transportation sectors are poised to benefit from substantial development, particularly in the larger economies in the region such as Morocco, Egypt¹⁰ and Turkey.

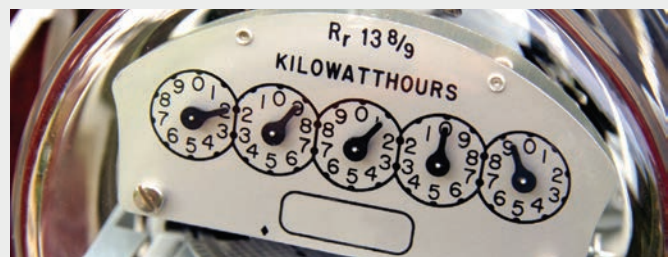
USTDA will continue to focus on the energy sector due to U.S. leadership in the field and remarkable demand throughout the region. Modernizing the power sector through creating increased renewable energy generation capacity and upgrading transmission and distribution networks to create “smart” grids, is a critical priority for the public and private sectors throughout MENA.

SUCCESS STORY

Philippines: Lighting the Way for Stronger Economy

Supporting the Philippines’ efforts to provide power to those in need was at the heart of an initiative to expand rural electrification throughout the country. Working with the Philippine Rural Electrification Financing Corporation (REFC), USTDA supported a technical assistance program that laid the foundation for REFC to begin to meet the demand of 40 electric power cooperatives.

By supporting detailed investment needs assessments, loan request documentation and on-the-ground training to REFC employees, USTDA’s assistance is bringing power to those in need and creating opportunities for U.S. companies to supply critical components for such an undertaking. As a result, sales contracts were secured by U.S. companies based in Oregon, Wisconsin, and Missouri. Recognizing the importance of this effort and the demonstrated commitment of REFC to work with and implement the recommended solutions, USTDA is supporting a second phase of technical assistance. The program is designed to help improve reliability, reduce distribution system losses and improve financial viability for rural electric cooperatives in the Philippines. When fully implemented, this project will improve access to consistent power supply for over 100 electric cooperatives serving approximately seven million customers throughout the Philippines.



¹⁰ USTDA operates within guidance from the Department of State on ongoing and prospective program activities in Egypt. As the situation there continues to change, USTDA will continue to assess the demand for involvement and the efficacy of maintaining its programs there.

With respect to Egypt, USTDA has had a robust program in recent years, in particular in the transportation, energy and petrochemicals sectors. Recently completed activities have led to hundreds of millions of dollars in U.S. exports of goods, services and technology, and USTDA is strategically pursuing additional activities, where appropriate, that are expected to lead to similar results. Current turmoil notwithstanding, Egypt's large and growing economy, increasing energy needs, and strategic location should ensure that growth in key sectors such as energy and transportation will continue.

Lastly, Turkey is strategically positioned at the crossroads of Europe, Asia and the Middle East and its complex mix of modern industry and commerce continues to attract a diverse set of American companies, ranging from the ICT to energy sectors, to emerging opportunities in its booming economy. Notably for USTDA and U.S. exporters, the government has instituted an aggressive development plan to be achieved by 2023, the 100th anniversary of the Republic's founding, with more than \$120 billion in spending targeted for transportation and energy. The plan includes greatly expanding the country's transportation networks in rail, highways and ports, and dramatically expanding renewable energy generation capacity, all sectors in which U.S. industry is highly competitive.

To leverage these opportunities, USTDA activities help mitigate risks for U.S. companies that are interested in doing business in this challenging region, and at the same time, support U.S. private sector engagement. Additionally, USTDA project planning assistance to local project sponsors represents a tangible U.S. Government action that demonstrates the broader U.S. commitment to the region's economic advancement.

Sub-Saharan Africa

Sub-Saharan Africa is home to some of the most exciting new trade partners for U.S. business. Six of the ten fastest growing economies in the world in the last decade (2001-2010) were African nations; and the continent is projected by the IMF to have the fastest growing economy of any continent in 2014.

However, there is no question that Africa remains a difficult place to do business, and that is precisely why it is important for USTDA to support U.S. companies that want to engage in the region. The Agency believes that as U.S. private sector involvement grows, there will be positive results on both sides and doing business in Africa will become easier.

To best target USTDA's program to advance sustainable economic development, the Agency will continue to prioritize efforts in Nigeria, Ghana, South Africa and Kenya. USTDA will also continue to focus on telecommunications, energy and transportation projects in these countries. These priority sectors are based on U.S. private sector interests, U.S. foreign policy priorities, and regional economic development needs in

"CCA and its members have enjoyed a close and mutually beneficial relationship with USTDA... USTDA's involvement in Africa and elsewhere around the globe often means that our American companies are provided early on with crucial information about emerging business opportunities. This translates directly into jobs for Americans."

- Letter to Congress from Stephen Hayes, President and CEO, The Corporate Council on Africa



sub-Saharan Africa. While these three sectors will remain the key priorities, the Agency anticipates U.S. private sector interest and regional demand for its services in other sectors of interest, such as water and agribusiness. Given tight budgetary constraints, USTDA intends to limit its participation in these two sectors to the most qualified projects that are shown to be the top priorities for U.S. industry and that are either in priority markets, anchored by priority markets, or promote regional integration.

Key to this effort is the U.S.-Africa Clean Energy Development and Finance Center (CEDFC), which was launched in FY 2012, by USTDA, the Overseas Private Investment Corporation and the Ex-Im Bank. The goals of the Center are to assist sub-Saharan African energy developers implement clean energy projects while promoting U.S. private sector participation in sub-Saharan Africa's economic development.

The Center also will provide the U.S. private sector, as well as Sub-Saharan African developers, with a centralized means to identify and access U.S. government support for their clean energy export and investment needs. The Center will coordinate its resources with those of the U.S. private sector, multilateral development banks, local development banks, private banks and private equity firms.

Sub-Saharan Africa: Building a Stronger Agricultural Base

In 2010 and 2011, USTDA organized two agribusiness reverse trade missions, which brought farmers from sub-Saharan Africa to the United States to meet with U.S. companies and observe U.S. agricultural operations. These visits led to a number of export successes for U.S. companies, demonstrating that the RTM program successfully introduced African farmers to U.S. equipment and service providers. Both of the visits focused on encouraging the implementation of large-scale agribusiness projects in sub-Saharan Africa, while also deepening ties between U.S. companies and African agribusiness operators. During these two RTMs, the delegates visited U.S. agribusiness companies in several states, including Nebraska, North Dakota, Minnesota, Iowa, Utah, Idaho and Missouri.

These two visits have led to a total of over \$13 million in exports of U.S. equipment and services, with additional sales pending. Delegates purchased products from multiple companies such as Titan Machinery and Brandt Holdings (Fargo, ND), John Deere (Moline, IL), Case New Holland (Racine, WI), Mack (Greensboro, NC), AGCO (Duluth, GA), Great Plains (Salinas, KS), and Landoll (Marysville, KS). These products and services will assist the African farmers in improving and expanding their agricultural operations and increasing food security in sub-Saharan Africa.



Farmers from sub-Saharan Africa observe an irrigation system during a USTDA reverse trade mission.

SECTION III: SECTOR FOCUS

Based on rigorous analysis by USTDA's sector teams of the demand from the U.S. business community for USTDA assistance, as well as a review of specific U.S. technologies and competitiveness, the Agency will continue its targeted sector approach in FY 2014 and prioritize the energy, transportation, and telecommunications sectors. These sectors were chosen because of (1) their ability to generate U.S. exports resulting in U.S. job creation, (2) their developmental benefits, (3) the demand from developing and middle-income countries and (4) U.S. private sector expertise and competitiveness.

Energy

Recent developments in worldwide energy markets show the importance of implementing, as President Obama has described, "... [an] energy strategy for the future – an all-of-the-above strategy for the 21st century..." Key drivers in the sector that affect USTDA's program include: increased availability of natural gas, the tightening of environmental standards, and increased attention to the need to modernize transmission and distribution networks.

Global energy demand is expected to increase 30 percent by 2040, with the demand for natural gas growing faster than any other fuel type. In fact, the International Energy Association estimates that the use of gas will rise from 21 percent of gas production today to 25 percent by 2035. Combined with the growing global demand for energy, this will translate to a 50 percent increase in global demand for gas between 2010 and 2035. Further, the majority of this increased demand will come from non-OECD member countries, many of which are among USTDA's priority countries.

In support of the Administration's energy policy and climate change agenda, and in response to global demand and requests from U.S. exporters, in FY 2014 USTDA will continue to prioritize investments in the energy sector, particularly in clean energy and energy efficiency projects. Taking advantage of U.S. competitiveness and recent market trends, USTDA will continue to invest in: 1) energy production, natural gas-based projects, and some strategic renewable energy projects; 2) energy efficiency, with a primary focus on smart grid development; and 3) modernizations of power plants, refineries and other energy facilities that will reduce emissions.

As natural gas becomes increasingly available on world markets due to the meteoric rise in unconventional gas production and improved gas transportation facilities, such as liquefied natural gas (LNG) plants, emerging economies will meet burgeoning demand for electric power with a greater reliance on gas for power production. Developing and middle income countries are also tightening environmental standards to provide a better quality of life for their citizens, leading to air pollution control equipment installations in existing and new fossil-fuel electric power plants. Also, recent large-scale blackouts in some emerging economies have highlighted the need for increased power transmission and distribution infrastructure improvements, including the implementation of smart grid solutions to facilitate more efficient use of high cost energy resources. Each of these developments presents opportunities for USTDA to support the Agency's partner countries in addressing these realities, while also increasing the likelihood of U.S. companies



Although there are significant global opportunities in renewable energy development, the sector still faces significant challenges moving into FY 2014 including the: (1) Eurozone debt crisis and reduced policy support in core European markets; (2) competition from Asia – including Chinese low cost technologies; (3) decreasing carbon prices; (4) tax credit uncertainty; and (5) the shale gas boom around the world. With the culmination of all these factors converging in FY 2014, USTDA will take a balanced approach to renewable energy projects by diversifying its investments so that the Agency does not invest too heavily in one particular sub-sector until the Agency can see results from its previous investments. This cautious, case-by-case approach is warranted with regard to renewable energy development because the success of these investments depend upon the country in which the project is located and whether that country has the correct balance of regulations and incentives to make the project profitable.

Telecommunications

Telecommunications is a priority sector for USTDA because the development of telecommunications infrastructure serves as the backbone for advanced economic development in emerging economies. Additionally, telecommunications infrastructure provides the foundation for ICT applications. Many developing and middle-income countries have prioritized these investments because they are seen as a way to leap beyond aging technology and encourage economic growth.

Over the past decade, investments in telecommunications infrastructure and ICT applications have seen tremendous growth. This is especially true in developing and middle-income markets where investments in telecommunications infrastructure projects with private participation grew from approximately \$40 billion in 2001 to more than \$70 billion in 2010. By the end of 2011, the number of mobile-cellular subscriptions reached approximately 6 billion globally, the number of individuals using the Internet reached an estimated 2.4 billion, and the number of fixed (wired)-broadband subscriptions reached almost 600 million and this growth is expected to continue into 2014. In fact, the overall international telecommunications market is expected to grow at 7.3 percent annually, reaching \$4.37 trillion in 2014.

The increased global demand for telecommunications infrastructure and ICT applications creates great potential for U.S. companies in USTDA priority markets. The United States has historically been a leader in these markets and U.S. companies are at the forefront of innovation in this sector; however, foreign competition from Asia and Europe is fierce. These factors provide additional impetus for USTDA's designation of telecommunications as a priority sector.

Transportation

Transportation is both the pre-requisite to, and an opportunity for increased exports. It is a sector in which USTDA and its business partners have experienced great success spanning the rail, aviation and port sub-sectors. In addition to the exports generated directly by the Agency's projects, improving the transportation infrastructure in our partner countries guides their development into strong and capable trade partners for the United States, opening up even more opportunities for future U.S. business involvement.



Aviation is not only a driver of economic growth, it is also a \$2.2 trillion global industry that directly employs millions of people and is responsible for enormous indirect sales of goods for companies large and small. Global demand is growing 8 to 15 percent annually in both commercial aviation and air cargo especially in China, India and Brazil. There is also strong growth in South East Asia and sub-Saharan Africa. USTDA will continue to build upon its previous successes and support critical aviation initiatives through the China and India Aviation Cooperation Programs (ACP). These programs have successfully supported sales of U.S. aircraft, aircraft engines, air traffic management systems, and business aviation products while helping improve overall aviation safety and security within the ACP partner countries. USTDA will also support its newly created U.S. – Brazil Aviation Partnership and aviation activities in sub-Saharan Africa.

Expanding and increasing integration of aviation, rail, port and road infrastructure is critical to the economic growth prospects of USTDA's partner countries, and continue to present significant opportunities for U.S. transportation companies. In recent years, global growth in freight rail has exceeded 3 percent, with higher rates in the leading markets of Asia. Specifically, this rising global investment is driving demand for locomotives, and based on experience, USTDA's program can assist U.S. companies with these export opportunities. USTDA will also continue to support projects that will encourage the development of efficient freight management and track maintenance systems, engines and repowering engine kits and signaling and communication technologies that improve efficiency of rail operations.

Similarly in the ports and maritime subsector, industry forecasts show that both port development and container traffic growth will be driven by developing countries globally, encouraged by continued industrial development and increased trade activities. In response to this projected growth, the Agency will target vessel traffic management systems, customs facilitation, and overall port security projects where U.S. companies have a comparative advantage.

Colombia Ports and Waterway Technologies

USTDA provided funding for a reverse trade mission to introduce Colombian officials to U.S. capabilities with respect to inland and coastal water transport technologies. Throughout the visit in December 2009, delegates met with port authorities, equipment suppliers, and engineering firms who offered navigation technologies, cargo screening and handling technologies, tugboats, barges, and vessel traffic equipment. Following the completion of the visit, three Colombian port authorities purchased dredging equipment, software, and consulting services valued at \$11 million, nearly all of which was U.S. content. Future U.S. export potential remains for various monitoring, security and asset management software, dredges and port handling equipment, and consulting services.



Pilot Sectors and Special Consideration Projects

Healthcare

Last year, USTDA launched the U.S. – China Healthcare Cooperation Program (HCP) in response to industry's demand for assistance in opening China's market to U.S. healthcare products and services. USTDA, together with its HCP partners, designed and funded specific projects and programs under the HCP in FY 2012, and many of those activities are ongoing. It is still too early in the development of the HCP to determine whether USTDA's healthcare work can be replicated elsewhere, therefore, the Agency will continue to evaluate the success of these activities and program as they are completed.

Special Consideration Projects

As in prior years, the vast majority of USTDA's program funds will be allocated to the three priority sectors identified above. However, the Agency recognizes that occasionally an extraordinary opportunity that meets all of the USTDA criteria and has strong U.S. industry support but which is not in a priority sector or priority country may be presented to the Agency. To respond responsibly to these opportunities, USTDA will continue to maintain the flexibility to analyze and fund a limited number of such opportunities. For example, USTDA funded a successful series of agribusiness reverse trade missions for sub-Saharan Africa. Two visits introduced 19 African delegates to over 70 U.S. companies and government agencies, leading to over \$11 million in exports of tractors and other agricultural equipment to farms in Kenya, Botswana and South Africa.



SECTION IV: MEASURING OUR INVESTMENT

Program Evaluations

USTDA maintains a rigorous and robust evaluations process that is comprehensively integrated into all individual project, budget, management and policy decisions. In FY 2012, USTDA strengthened its evaluations capacity by adding a second Program Evaluation Manager position, which allows the Evaluation Office to better manage the Agency’s evaluation agenda and work with regional program staff to evaluate project proposals and refine program performance measures.

Beginning in FY 2012, USTDA further expanded its use of evidence to inform the development of evaluation strategies for each grant activity. Each evaluation strategy is then applied throughout the project-life cycle, as the Program Evaluation Office monitors and assesses the success of each activity. Below is a discussion of USTDA’s Evaluation process, including the methodology by which the Agency constantly expands and improves its use of evaluations within its program. Also, to further strengthen USTDA’s evaluation program, in FY 2014 the Agency will employ an outside auditor to evaluate both the Agency’s evaluation methodology and metrics.

Export Multiplier Rate Calculation

At the heart of USTDA’s program evaluations strategy is the calculation of the export multiplier. The multiplier rate quantifies the amount of exports generated for every USTDA program dollar obligated. It is calculated by dividing the dollar value of U.S. exports USTDA identifies by the dollar value of USTDA’s funding commitments. For the current ten-year evaluation period or ten year rolling average (TYRA),¹¹ USTDA has obligated \$312 million for foreign assistance projects, which has helped to generate \$19.7 billion in U.S. exports. Thus, for every \$1 dollar of USTDA program funding, \$63 in U.S. exports have been generated. This return on investment demonstrates the Agency’s ability to help achieve the President’s goals for the National Export Initiative, meet the needs of developing and middle-income countries, and promote the strengths of the U.S. business community through the export of U.S.-manufactured goods or services.

EXPORT MULTIPLIER:

$$\frac{\$19.7 \text{ billion}}{\$312 \text{ million}} = \$63$$

¹¹ Ten Year Rolling Average (TYRA) is a ten-year interval of time used to report the outcomes of USTDA’s program. The TYRA currently consists of all USTDA activities completed between years 2000-2009. Due to the nature of USTDA’s funding – early project planning and development – it is not common to experience immediate results from the Agency’s activities. As such, this interval of time is used to capture a meaningful and relevant representation of the results of USTDA’s program funds.



Systematic Measurements of Costs and Cost per Outcome

USTDA's Evaluation Office monitors and evaluates the outcomes of the Agency's program in order to identify the most effective ways to leverage funding, inform decision making processes, and maintain accountability and transparency with stakeholders. USTDA measures results by documenting the link between specific Agency activities and final project outcomes. USTDA measures outcomes by the amount of U.S. exports generated by each project.

In addition to exports, the Evaluation Office employs several indicators to determine effectiveness and reflect the types and variety of benefits delivered to U.S. companies, host country partners, and host country economies. These indicators include, among other things, data about U.S. small business engagement, sources of project financing, industry and sector trends, and trade capacity building.

There are a number of factors that lead to results. USTDA's Evaluation Office strives to obtain information that validates whether and how USTDA's funding affected the outcomes identified. The information collected is intended to support data-driven decision making and strategic analysis within USTDA and assist the Agency in documenting the relationship between its activities and the outcomes.

U.S. exports attributed to USTDA's funding must have a credible and significant linkage to the USTDA-funded activity. USTDA defines U.S. exports as the amount of U.S. content associated with goods manufactured in the United States or services provided by U.S. companies, as opposed to contract size of the entire transaction. This definition enables USTDA to make the best estimation of its impact on U.S. jobs based on the U.S. exports¹² attributed to its funding. Given this type of analysis, USTDA is confident that its program has a direct and immediate benefit to U.S. companies and supports the creation of U.S. jobs.

The following is a select list of outcomes that are used to determine the Agency's effectiveness.

- **Multiplier** – As described above, the multiplier quantifies the amount of exports generated for every USTDA program dollar obligated and thus is the export return on USTDA investments. In FY 2012, USTDA generated \$63 dollars in U.S. exports for every \$1 in program funding. The multiplier is calculated using the TYRA.
- **Total Cumulative Exports** – The total cumulative exports figure is the amount of exports associated with USTDA funding in any given time period. Since USTDA's establishment in 1992, its programs have contributed to more than \$32 billion in U.S. exports. In FY 2012, USTDA has identified \$2.2 billion in new exports. Of this \$2.2 billion, \$313.8 million in U.S. exports are a result of projects completed in the Agency's post-TYRA years (2010-to-the-present). These recent U.S. export successes show early wins for U.S. businesses and commitments by the host country to the implementation of USTDA supported activities. It is expected as the post-TYRA period projects are implemented USTDA will be able to identify additional U.S. export success which will enable the Agency to better understand where funding has been most successful.

¹² USTDA obtains U.S. content data most commonly from U.S. contractors, suppliers, host country project sponsors, financiers, and other U.S. agencies involved in implementing projects. In instances where information is limited, USTDA works with the entities involved to identify an order of magnitude to estimate the U.S. content values.

- **Small Business Impact** - Over the past ten years, more than 72 percent of USTDA's activities have been awarded to small businesses.

Expanded Evaluation Efforts within Existing Activities

USTDA's Evaluation Office participates in each stage of USTDA's project life cycle. The Evaluation Office provides data and feedback regarding past results, anticipated outcomes, and proposed evaluation strategies during the initial activity development stage. While the activity is being implemented, the Evaluation Office works with relevant partners to monitor the activity's progress. Once an activity is complete, the Evaluation Office begins the process of tracking and documenting the project outcomes that result from the initial activity. Once project work begins, USTDA often engages contractors to assist with information gathering and the outcomes documentation process. Each USTDA project is evaluated annually for at least five years, or sometimes longer.

Each annual evaluation investigates whether the goal of USTDA's funding was achieved and how U.S. companies benefited from the activity. The annual evaluation provides a complete documentation of what resulted from the activity, including details on how the project was financed; the exports and U.S. content of those exports; and the outreach that was conducted with stakeholders who are knowledgeable about the project's status. When projects are evaluated, USTDA conducts interviews with project stakeholders (grantees, U.S. companies, U.S. government entities, financing organizations and USTDA personnel), and conducts research to verify and supplement the information obtained through these interviews. Additionally, all projects are submitted at least once to an outside contractor for evaluation.

Historically, USTDA has relied on a single outside evaluation contractor to annually review the outcomes of USTDA projects. In FY 2013 and FY 2014, USTDA will strengthen its outside evaluation system by selecting a second outside evaluation contractor. The use of multiple contractors will enable USTDA to conduct more project evaluations, allow the Agency to compare different evaluation methodologies and data results, and ensure that the Agency benefits from diverse recommendations with respect to opinions about the outside evaluation effort. The data provided during the outside evaluation process will help the Agency to identify the most effective ways to leverage USTDA's funding, and validate recommendations to improve the impacts of USTDA's programs.

Use of Evidence in Grant-Making

USTDA actively uses evidence when identifying and developing its funding activities. This evidence-based analysis is especially visible during the review of project proposals. At this point, the Evaluation Office works with Regional Program teams to assess new opportunities by evaluating data on past success in related fields, sectors and industries. The evidence-based analysis, provided by the Evaluation Office, informs decision-making with respect to the identification of U.S. export potential, likely U.S. sources of supply, and expected development impacts as well as post-funding completion.



As mentioned previously, USTDA further expanded its use of evidence to inform the development of appropriate evaluation strategies for each grant activity. This evaluation strategy is then applied throughout the project-life cycle, as the Evaluation Office monitors and analyzes the success of each activity. Through this process, the Agency continues to build and expand its comprehensive evidence base.

Cross-Agency Performance Partnerships to Align Services and Improve Outcomes

Since 2001, USAID has led an annual survey on behalf of the Office of the United States Trade Representative (USTR) to identify and quantify U.S. government led trade capacity building activities.¹³ USTDA continues to review and report on its activities annually.

In addition to sharing this information with USAID, USTDA's Evaluation Office regularly works with the Departments of Commerce, Energy, Transportation and State as well as USAID, Ex-Im and OPIC to monitor and document the outcomes associated with USTDA's funding efforts. Because USTDA's funding involves early stage project planning, many U.S. government agencies are informed of USTDA's efforts and often leverage their funding to align services and improve outcomes. Similarly, USTDA works with these agencies to ensure its funding decisions maximize the greatest gains for U.S. companies.

¹³ TCB activities help fulfill U.S. government commitments towards the Doha Development agenda which includes helping other countries engage in trade by promoting the growth of trade related infrastructure and capabilities.



SECTION V: SIGNIFICANT PROGRAM ACHIEVEMENTS IN FY 2012

USTDA is building the foundation for stronger relationships with stakeholders, as well as a more comprehensive response to significant export and development opportunities. In fact, in many instances USTDA has been the catalyst for complementary action by other U.S. Government agencies. Following are a few highlights from the year.

Aviation Programs and Initiatives

As a result of our extremely successful aviation cooperation programs in both China and India, USTDA continues to receive numerous requests from U.S. industry to launch similar programs in specific high-growth markets around the world. In FY 2012, in response to the ongoing industry interest, USTDA established two new programs: The U.S.-Brazil Aviation Partnership, and the Aviation Initiative for South Africa.

The U.S.-Brazil Aviation Partnership is a public-private partnership initiated by and through USTDA that brings U.S. companies together with the U.S. and Brazilian governments to address strategically critical infrastructure and other development projects. This partnership gives both governments an important private sector resource to draw from to help with key development issues. The Partnership was launched during Brazilian President Rousseff's visit to the U.S and was considered a key example of the maturing of this important bilateral commercial cooperation. It will also generate numerous specific business opportunities for U.S. companies, as Brazil continues to invest heavily in its aviation sector.

The Aviation Initiative for South Africa will leverage the expertise and resources of the private sector, both in the United States and South Africa, to build the human capacity and infrastructure needed to strengthen the aviation sector. In addition, the Initiative aims to build business relationships and position U.S. industry for significant procurement opportunities in South Africa's dynamic aviation market.

USTDA is coordinating extensively with the U.S. Federal Aviation Administration and the U.S. Departments of Transportation, State, and Commerce in both of these new programs. USTDA's budget is critical to maintain its ability to respond quickly to private sector requests that hold the potential to generate exports and create jobs in the United States.

Making Global Local and the President's Export Council (PEC)



Making Global Local is a new initiative designed to connect towns and cities across the country with USTDA's export-promoting programs. The aim of Making Global Local is to increase the number of U.S. businesses that are benefitting from the Agency's programs to expand exports to emerging markets and create high-paying jobs in their communities. To accomplish this goal, USTDA is forging new and innovative partnerships with business development and trade promotion organizations. Within months of its launch, USTDA established valuable relationships with local chambers of commerce, local trade centers, and other trade promoting organizations in communities across the United States.

forging new and innovative partnerships with business development and trade promotion organizations. Within months of its launch, USTDA established valuable relationships with local chambers of commerce, local trade centers, and other trade promoting organizations in communities across the United States. The goal of Making Global Local directly supports the President's Export Council's objectives of promoting intergovernmental collaboration and information and best practice sharing among Federal, state and local governments, to better serve the needs of small and medium-sized enterprises, and to highlight on a local level the importance of promoting American goods and services globally.

U.S. - ASEAN Connectivity Cooperation Initiative

USTDA's relationship with the Association of Southeast Asian Nations (ASEAN) continues to flourish, as the economies in the ASEAN region are growing rapidly. The IMF World Economic Outlook projects 6.1 percent growth in the ASEAN region, which will drive investment and present enormous opportunity for U.S. exports. To take advantage of this growth and in support of the Administration's greater focus on economic and business engagement with the region, the private sector and an interagency working group requested that USTDA take the lead in the development and implementation of the U.S.-ASEAN Connectivity Cooperation Initiative, which was announced by President Obama in November 2011. This partnership between the U.S. government and U.S. industry is playing a vital role in accelerating the region's economic integration while opening markets for increased exports of U.S.-manufactured goods and services.

The Connectivity Initiative is designed to support ASEAN's goal of achieving an economically integrated ASEAN Community by 2015, and through its efforts will strengthen the mutually beneficial relationship between the United States and ASEAN. Leveraging U.S. private sector resources and expertise, USTDA is working with U.S. companies and ASEAN partners to support activities that foster effective new partnerships between private sector and government entities to increase connectivity and investment in the energy, transportation, and telecommunications sectors.



SECTION VI: OPERATING EXPENSES

USTDA has maintained a flat OE budget for the past four years and cannot responsibly find additional areas to cut. In order to meet non-discretionary salary increase,¹⁴ benefits, rent and a targeted increase and enhancement of the Agency evaluation program, USTDA requests an operating expense (OE) budget of \$14.1 million for FY 2014.

Investing in Additional Outside Evaluations and an Evaluations Audit

Historically, USTDA has relied on a single outside evaluation contractor to annually review the outcomes of USTDA projects. In FY 2013 and FY 2014, USTDA will strengthen its outside evaluation system by selecting and employing a second outside evaluation contractor. The use of multiple contractors will enable USTDA to conduct more project evaluations, allow the Agency to compare different evaluation methodologies and data results, and ensure that the Agency benefits from diverse recommendations and opinions with respect to the outside evaluation effort. The data provided during the outside evaluation process will help the Agency to identify the most effective ways to leverage USTDA's funding and validate recommendations to improve the impacts of USTDA's programs.

Also, in FY 2014, USTDA will employ an external auditor to review its evaluation methodology and evaluation metrics. This external review will also include recommendations on how the Agency can gather information more effectively.

Cutting Waste and Delivering a 21st Century Government

Reducing Costs and Duplication through Shared Services

USTDA continues to look for ways to spend Federal dollars on Information Technology (IT) more efficiently with the goal of achieving an agency-wide 10 percent reduction in IT spending, compared to the average spending on IT from FY 2010 through FY 2012.

USTDA has undertaken a number of efforts to strengthen the IT environment while decreasing future IT costs well below the required reduction of 10 percent. In fact, as will be described below, because of two initiatives, USTDA will realize IT savings of almost 30 percent in FY 2014 below the average of FY 2010 to FY 2012 levels. A key driver of the cost reduction is the implementation of shared IT services.

In the past, the Agency maintained its Oracle Federal Financials on a stand-alone server hosted by the National Business Center (NBC). Through a migration plan developed between USTDA and NBC, Oracle Federal Financials was migrated to a shared platform, thereby reducing annual expenditures by almost 50 percent (\$1.1 million in FY 2010 as compared to \$569,962 in FY 2014). The one-time \$536,000 migration cost in FY 2010 was recouped in FY 2011 and FY 2012, allowing for the realization of significant cost savings for the Agency and the U.S. government into the future.

¹⁴With respect to salaries, FY 2014 Guidance asks agencies to use a 1.7 percent non-discretionary increase as the provisional estimate of personnel compensation.



Similarly, USTDA undertook a major IT development project that came in on time and on budget. The Agency's legacy management information system was operating on a 1990's-era Apple Pro computer system with software that could no longer be modified. USTDA structured and contracted for the development of a new management information system (MIS) that would provide a stable functional system for the Agency at launch. Through careful oversight of the development process, in FY 2012, USTDA launched a web-based MIS that is responsive to the needs of USTDA's employees and more capable of supporting the various functional areas within USTDA.

Because of these two initiatives, in FY 2014, USTDA will realize savings of almost 30 percent below FY 2010 levels.

Streamlining the Travel Budget

The Agency has instituted a number of proactive efficiency measures that have resulted in significant reductions in travel costs. These include a long instituted agency-wide limitation on business class travel that has resulted in minimal use of this benefit. In addition, the Agency maintains an effective and robust oversight of its entire travel program, including review and approval of every travel action by the Deputy Director and Director for Policy and Program. This oversight has resulted in targeted travel to the Agency's priority countries, reduced numbers of travelers and more efficient travel while overseas.

Continuous Monitoring for Improper Payments

USTDA maintains robust internal and external audit and oversight procedures to ensure the proper use of taxpayers' funds and to guard against any potential improper payments.

With respect to payment of invoices under USTDA's grant program, disbursements are made only after submitted invoices and certain required certifications are reviewed and approved by USTDA program staff, and with respect to final invoices, by USTDA's Office of Grants Administration, prior to being authorized to be dispersed by the Finance Department. Further, each grant and its underlying contract is reviewed by a certified financial officer to verify that a payment should be validated for disbursement from the U.S. Treasury. At the end of the grant process, USTDA's Office of Grants Administration carefully reviews the final report to ensure that all of the tasks were completed at the level of detail required by the terms of reference to merit full grant payment. USTDA's grants are also subject to review by the Agency's audit program, which focuses on post-award audits that are performed by the Office of Grants Administration and/or by independent external auditors.

In the case of USTDA activities implemented through a contract mechanism, invoices are reviewed and approved at several levels, including by a certified Contracting Officer's Representative, before transmittal to the Finance Department for processing. Finally, before payment the invoice is reviewed by a certified financial officer to verify that payment should be validated for disbursement from the U.S. Treasury.

In addition to the processes described above, during the course of its reporting under the Improper Payments Elimination and Recovery Act of 2010 (IPERA), USTDA's Finance Department reviews every transaction



processed by the Agency in the applicable fiscal year. Finally, from time to time, the Agency contracts with external auditors to review its processes and procedures.

As a result of its extensive payment processes and procedures, USTDA does not incur wasteful spending, and does not have any significant improper payments, as reported in the Agency's Performance and Accountability Report for Fiscal Year 2012.

Implementing a Human Capital Development Program

USTDA is fortunate to have a staff of talented, seasoned professionals that excel in their fields of expertise and are dedicated to fulfilling the mission of the Agency. Because USTDA's employees are its greatest asset, considerable emphasis is placed on human capital development, and the Agency is committed to attract, develop and retain the best and brightest talent.

Over the past few years, and in the latest Federal Employee Viewpoint Survey, USTDA employees gave 100% positive scores to the following propositions: (1) I know how my work relates to the agency's goals and priorities; (2) The people I work with cooperate to get the job done; (3) Employees in my work unit share job knowledge with each other; (4) When needed I am willing to put in the extra effort to get a job done; (5) Employees are protected from health and safety hazards on the job; and (6) Managers review and evaluate the organization's progress toward meeting its goals and objectives. USTDA will continue to seek other ways to improve employee satisfaction with health and wellness activities, increased work-life flexibilities, and lunchtime presentations on subjects of interest to the workforce.

In FY 2012 the Agency responded to staff requests for more job-specific and professional enrichment training by sponsoring 25 on-site training sessions, nine of which featured guests from the U.S. private sector to lead industry specific training. Also, the Agency has created industry sector teams to augment the staff's regional and programmatic expertise. Members of program staff choose an industry sector and focus their outreach and research on that sector. The benefits of the sector teams have been tremendous. They have played a major role in defining the Agency's sector priorities for FY 2014. The teams have increased cooperation with USTDA's technical partners within the U.S. government and in the private sector and they have raised the Agency's visibility by participating in industry-specific trade shows and export promotion events. In FY 2014 USTDA will also continue its investment in management and communication training for all mid-level and senior-level managers to strengthen the leadership skills of its managers.

The Agency's Diversity Panel, composed of supervisory and non-supervisory employees, has conducted research on Agency outreach and hiring practices and recommended new methods and sources to increase targeted populations for new staff and internships. In FY 2014, the Agency plans to expand targeted recruitment in order to increase the recruitment pools for permanent employees and college interns, particularly tapping sources for growing minority, disabled and veteran representations.

Through the implementation of these human capital development initiatives, USTDA strives to enable its employees to leverage their talents most effectively for the benefit of U.S. businesses, the taxpayers and the country.



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Representational Funds

USTDA requests a representational fund of \$6,000. As a foreign assistance agency, it is essential that USTDA's representational funds be sufficient to allow Agency staff to operate appropriately in diplomatic environments. These funds support both the extensive work the Agency engages in overseas and local outreach and related programs that bring emerging economy decision-makers together with the U.S. business community.



Attachment 1

FY 2014 CORE O/E BUDGET OVERVIEW SUMMARY

Operating Expenses		FY 2012 Actual Includes 2011 carry/over	FY 2013 Budget	FY 2014 Budget
11.1	Full Time Permanent	3,708,870	4,256,168	4,563,047
11.3	Other Than Full Time Permanent	910,290	885,410	823,204
11.5	Other Personnel Compensation	101,792	98,304	88,462
		-----	-----	-----
11.9	Total Personal Svcs Pymnts	4,720,952	5,239,882	5,474,713
12.1	Civilian Personnel Benefits	1,352,348	1,506,324	1,559,043
		-----	-----	-----
	Total Salaries and Benefits	6,073,300	6,746,206	7,033,756
23.1	Rental Payments to GSA/Others	1,253,468	1,800,000	1,800,000
21.0	Travel and Transportation	627,225	584,500	639,500
23.3	Communications, Util & Misc	78,963	60,955	75,600
23.3	Communications, Postal Fees & Mail Service	160,980	166,750	169,600
24.0	Printing and Reproduction	86,509	94,081	90,500
25.1	Consulting Services	2,839,485	3,031,915	2,837,032
25.2	Other Services	167,536	193,504	210,350
25.3	Inter-Agency Reimb. Agreements	991,217	1,093,475	1,111,162
25.4	Operation and Mgt. of Facilities	20,000	10,000	10,000
25.7	Equipment Maintenance	16,150	28,500	33,000
26.0	Supplies and Materials	103,662	94,700	89,500
31.0	Furniture and Equipment	262,721	91,057	0
	Carry-over	518,784	-879,643	0
Total Operating Expenses - Core Budget Obligations		13,200,000	13,116,000	14,100,000
	Personnel Ceiling	50	50	50



Attachment 2

BUDGET HISTORY TABLE

FY 2005 - FY 2013

Fiscal Year	Request	Appropriation	Carryover from Prior Year	Available for Obligation	Obligated
FY 2006	\$48,900,000	\$50,391,000	\$2,549,000	\$52,940,000	\$52,626,000
FY 2007	\$50,300,000	\$50,432,000	\$1,344,000	\$51,776,000	\$49,078,000
FY 2008	\$50,400,000	\$49,992,000	\$2,817,000	\$52,809,000	\$52,777,000
FY 2009	\$50,800,000	\$50,800,000	\$1,314,000	\$52,114,000	\$50,739,442
FY 2010	\$55,200,000	\$55,200,000	\$2,031,787	\$57,321,787	\$55,121,631
FY 2011	\$56,200,000	\$49,900,000	\$2,103,085	\$52,003,085	\$51,334,371
FY 2012	\$56,270,000	\$50,000,000	\$1,433,367	\$51,433,367	\$48,434,598
FY 2013	\$57,600,000	\$47,484,000	\$3,421,121	\$50,905,121	n/a
FY 2014	\$62,662,000	n/a	n/a	n/a	n/a



Attachment 3

The following tables highlight the sectors and activities where USTDA provided assistance in FYs 2010, 2011 and 2012.

USTDA ACTIVITIES BY ECONOMIC SECTOR

By Value of Obligations

	2010		2011		2012	
Agribusiness	\$ 667,221	1.3%	\$819,070	2.0%	\$0	0%
Clean Energy/Energy Efficiency	\$ 22,453,434	45.4%	\$15,527,145	37.8%	\$16,335,973	37.2%
Human Resources	\$ 1,046,024	2.1%	\$1,558,479	3.8%	\$1,135,744	2.6%
Manufacturing	\$ 472,343	1.0%	\$290,058	0.7%	\$0	0%
Mining & Natural Resources	\$ 117,389	0.2%	\$846,899	2.0%	\$91,453	0.2%
Multi & Other	\$ 2,220,940	4.5%	\$947,000	2.3%	\$675,224	1.5%
Services	\$ 4,367,970	8.9%	\$4,220,618	10.3%	\$2,298,610	5.2%
Telecommunications	\$ 3,034,904	6.1%	\$4,429,963	10.8%	\$3,282,419	7.5%
Transportation	\$ 10,942,456	22.1%	\$11,018,381	26.8%	\$17,373,332	39.6%
Water & Environment	\$ 4,148,347	8.4%	\$1,428,231	3.5%	\$2,730,171	6.2%
Total	\$ 49,471,032	100%	\$41,085,844	100%	\$43,922,926	100%

USTDA ACTIVITIES

By Value of Obligations

	2010		2011		2012	
DM/Desk Studies	\$3,359,888	6.8%	\$1,816,914	4.4%	\$2,076,927	4.8%
Feasibility Studies	\$22,783,352	46.1%	\$17,251,963	42.0%	\$14,141,409	32.2%
Reverse Trade Mission	\$8,720,844	17.7%	\$8,745,649	21.3%	\$10,542,425	24.0%
Technical Assistance	\$13,723,325	27.7%	\$11,355,473	27.6%	\$12,854,646	29.3%
Trade-Related Training	\$106,000	0.2%	\$300,000	0.7%	\$781,834	1.8%
Workshop/Conferences	\$511,850	1.0%	\$1,242,351	3.0%	\$3,176,034	7.2%
Other	\$265,784	0.5%	\$373,494	1.0%	\$349,651	0.7%
Total	\$49,471,032	100%	\$41,085,844	100%	\$43,922,926	100%



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U.S. TRADE AND DEVELOPMENT AGENCY
CONGRESSIONAL BUDGET JUSTIFICATION
FISCAL YEAR 2015

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BUDGET REQUEST & JUSTIFICATION

Budget Request & Justification

The U.S. Trade and Development Agency (USTDA, or the Agency) provides measurable value for every taxpayer dollar it programs while supporting the Administration's top priority of creating U.S. jobs. In order to achieve its dual mandate of increasing exports of U.S. goods and services while fostering economic growth in emerging markets, the Agency targets its investments for activities with a strong probability of effectiveness. Because of the Agency's support of the U.S. government's export promotion activities as well as U.S. foreign policy objectives, an increased investment in resources for USTDA is a direct, immediate and effective investment in U.S. job creation and sustainable economic growth.

As evidence of the Agency's tremendous value, USTDA's programs are now generating more U.S. exports per program dollar than at any other time in the Agency's history: \$73 of exports for every dollar programmed, up from \$41 just four years ago. This ongoing success is the result of the Agency's targeted approach to efficiently allocate resources to activities that provide the highest return on investment for U.S. taxpayers. USTDA evaluates its program tools on a continuous basis to determine their overall effectiveness and responsiveness to U.S. industry, U.S. government policy priorities and emerging market needs.

Moreover, the success generated by this targeted approach directly supports a critical, urgent imperative: supporting American jobs. The Agency continues to provide opportunities for all levels of U.S. businesses—from increasing export opportunities for U.S. companies of all sizes, to Federal Acquisition Regulation (FAR) contract actions in support of small- and medium-sized enterprises. In FY 2013 alone, the Agency identified \$2.95 billion of

"USTDA is one of the most innovative government agencies in helping U.S. companies advance export promotion and build their business abroad. Programs like reverse trade missions, investments in pilot projects, and other similar initiatives help fill the awareness gap, particularly in emerging market countries.... USTDA helps [foreign] government officials in particular learn about American-based innovations."

Sara Agarwal
Director, International Finance Organizations, Growth
Markets
Hewlett-Packard Company

Global Procurement Initiative Industry Roundtable
Aug 26, 2013

BUDGET REQUEST & JUSTIFICATION

new exports generated from USTDA-funded activities, which have helped support approximately 14,000 jobs in the United States.¹ These results exceed the Agency's track record of generating over \$2 billion in exports each fiscal year. As the U.S. economy continues its path to recovery, USTDA is delivering tangible, measurable results to the U.S. government's job-creation efforts. An increased investment in USTDA means an increased return in U.S. exports and export-supported jobs.

Finally, USTDA makes strategic investments that help develop emerging markets into strong, viable trading partners for the United States. USTDA's robust relationships with U.S. government and multilateral financiers also position the Agency to unlock capital for sustainable infrastructure development projects that offer the best potential for U.S. industry participation. The result is a win-win scenario in which U.S. companies build relationships and make sales to new markets, while developing and middle-income countries commit to development projects that foster economic growth.

In order to build upon USTDA's track record of supporting U.S. jobs and fostering economic growth in its partner countries, USTDA respectfully requests a budget of \$67.7 million for FY 2015. USTDA's FY 2015 budget provides an opportunity to utilize taxpayer dollars for programs that are proven to help U.S. companies identify and pursue export opportunities—in sectors where U.S. companies are global leaders and can benefit from exporting their goods to the world's fastest-growing markets. This budget would lead to an estimated \$3.9 billion² in U.S. exports for U.S. companies, which would support approximately 19,000³ jobs across the country.

USTDA's Mission

USTDA was created 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.”⁴ USTDA's dual Congressional mandate is unique among federal agencies in requiring that the Agency both (a) provide foreign assistance for trade and

¹ Martin Johnson and Chris Rasmussen, “Jobs Supported by Exports 2012: An Update,” Office of Competition and Economic Analysis, International Trade Administration, Department of Commerce, February 26, 2013, available at http://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_004021.pdf, last accessed September 2013.

² Projection based on current export multiplier of \$73 for every dollar programmed.

³ Johnson and Rasmussen, “Jobs Supported by Exports 2012: An Update.”

⁴ 22 U.S.C. § 2421(a).

BUDGET REQUEST & JUSTIFICATION

economic development and (b) help to put Americans to work in the jobs that result from exports. In the Agency's history of linking U.S. businesses to export opportunities, USTDA has generated over \$45.8 billion in U.S. exports⁵ and has emerged as the leading U.S. government agency for early project development and planning activities in emerging economies.

The Agency accomplishes its mission by providing grants to overseas sponsors for priority infrastructure projects in their countries. The funding may be used to perform a feasibility study, provide technical assistance or launch a pilot project. USTDA also connects project developers with U.S. businesses through its reverse trade missions, which are specially tailored to bring foreign decision-makers to the United States to observe the design, manufacture and operation of U.S. products and services in order to inform their procurement decisions.

These activities have produced results for both U.S. industry and USTDA's partners in emerging markets: U.S. companies are provided access to the lead infrastructure project developers around the world, while foreign partners gain insight into the latest, most appropriate U.S. technologies to meet their development needs. USTDA focuses its program on sectors where U.S. firms are globally competitive, such as energy, transportation and telecommunications. As a result, the Agency is able to provide targeted foreign assistance, support U.S. trade and economic development priorities, and promote U.S. job creation.

USTDA's Programs: Tools that Open Markets

As U.S. businesses work to remain competitive, USTDA's mission is a critical component of America's global economic leadership. Today, 95 percent of the world's consumers live outside the United States, and it is the Agency's explicit mission to connect U.S. producers to those markets. U.S. firms are increasingly relying upon USTDA's programs to help open markets and level the playing field against foreign competition. From tied training grants to strategically timed reverse trade missions, USTDA helps U.S. firms successfully compete on an international playing field.

REVERSE TRADE MISSIONS: MAKING CONNECTIONS

Reverse trade missions provide unique opportunities to foster business relationships between U.S. companies and our overseas partners. These carefully planned missions bring foreign delegates to the United States to observe the design, manufacture and demonstration of industry-leading goods

⁵ This historic cumulative export total includes data collected by the Agency's predecessor organization, prior to USTDA's formation as an independent agency in 1992.

BUDGET REQUEST & JUSTIFICATION

and services that can help the delegates achieve their development goals. The reverse trade missions target current and near-term business opportunities, often creating immediate results and export successes for U.S. businesses. In FY 2013, USTDA hosted 24 reverse trade missions that introduced U.S. company representatives to key foreign decision-makers, including senior governmental and private sector officials from high-growth markets.

CONFERENCES & WORKSHOPS: IDENTIFYING OPPORTUNITIES, SHOWCASING TECHNOLOGIES

USTDA hosts conferences and workshops in the United States and overseas that convene leaders from the public and private sectors to discuss specific business opportunities in key sectors and markets around the world. These meetings provide U.S. companies with vital knowledge on specific programs and activities that could positively impact their businesses. Further, these events help U.S. companies build partnerships and identify export opportunities. Events like the *U.S.-Turkey Smart Grid Workshop* and the *U.S.-China Aviation Symposium* allow U.S. companies to showcase their technologies and services, as well as meet with foreign project sponsors, key public sector officials with upcoming procurements, and other potential customers.

FEASIBILITY STUDIES & PILOT PROJECTS: GETTING IT RIGHT FROM THE START

USTDA-funded and U.S.-led feasibility studies link foreign project sponsors with U.S. businesses at the critical early stage when technology options and project requirements are defined. These studies provide the comprehensive analysis required for major infrastructure investments to achieve financing and implementation.

In some cases, export opportunities depend on a demonstration of the U.S. seller's goods, services or technologies in the foreign buyer's setting. Agency-funded pilot projects demonstrate the effectiveness of U.S. solutions and provide the analysis, evaluation and empirical data needed for potential foreign projects to secure funding. Pilot projects have proven to be an excellent tool for showcasing U.S. capabilities.

TECHNICAL ASSISTANCE: CREATING A FAVORABLE BUSINESS & TRADE ENVIRONMENT

USTDA advances economic development in partner countries by funding technical assistance that supports legal and regulatory reform related to commercial activities and infrastructure development, the establishment of industry standards and other capacity-building activities. These technical assistance programs, which often bridge gaps in the project development life cycle and help shepherd projects through to financing, are facilitating favorable business and trade environments for U.S. goods and services.

BUDGET REQUEST & JUSTIFICATION

Beyond the legal and regulatory technical assistance programs, there remain additional challenges that impede implementation that include critical project-funding gaps in the project development life cycle. These gaps are also increasingly recognized by USTDA's partners, including the multilateral development banks (MDBs) and commercial lenders as obstacles to the financing of quality infrastructure projects.

To address these obstacles, USTDA will support unique solutions to help fill the identified gaps and bring more projects to the level required to receive financing. Filling these gaps will allow a greater number of meritorious projects to move forward to successful implementation, opening new opportunities to increased exports of U.S.-manufactured goods and services.

Such obstacles or gaps include:

- Need for detailed project engineering and design;
- Weak legal and regulatory structures;
- Lack of proper financial and legal expertise;
- Insufficient institutional or managerial capacity;
- Need for independent credit ratings, bond financing, or help with loan documentation;
- Absence of adequate tariff structures;
- Need for environmental impact assessments, soil studies, and/or environmental/social management plans;
- Need for social impact plans;
- Lack of experience to negotiate power purchase agreements (PPAs) and structuring off-take agreements; and
- Qualified personnel necessary to successfully evaluate and implement projects.

The need for funding to address these obstacles, which are among the most common causes of project failure, cannot be overstated. Financiers are unwilling to lend until such gaps have been closed. USTDA has specific expertise and capability to close these gaps to lead these projects to final implementation through its existing set of technical assistance programs.

USTDA's Support of Small U.S. Businesses

Since its inception, USTDA has been a catalyst for engaging small businesses in the international arena. By providing opportunities for these companies to apply their expertise in an international context, USTDA has provided valuable experience that would otherwise have been difficult for them to obtain. As a result, many small businesses that first expanded their global reach by

BUDGET REQUEST & JUSTIFICATION

working with USTDA have gone on to work on other international activities independent of the Agency's support.

USTDA draws extensively on the expertise of small- and medium-sized consulting and engineering firms to provide independent technical and financial analysis during the critical early stages of a project's definition. In FY 2013, USTDA awarded 64% of its direct contracts to small businesses, demonstrating the Agency's reliance on small businesses to provide technical guidance and recommendations that inform the Agency's funding decisions.

Rapid Response Connects U.S. Firm to Brazilian Buyers

Following a meeting with FirmGreen Inc., a small renewable-energy company, USTDA recognized the value the firm would bring to an upcoming Brazil waste-to-energy reverse trade mission and quickly arranged for the Brazilian delegation to visit the company's facilities in Orange County, CA. Drawing from its experience designing, integrating and financing the world's largest biogas-to-energy facility at the Jardim Gramacho landfill near Rio de Janeiro, FirmGreen was able to share its lessons learned with the delegates and to discuss new renewable energy projects in Brazil. Since the visit, FirmGreen has helped ensure the successful commissioning of the facility in Brazil, even providing site tours to some of the Brazilian delegates.

USTDA's Evidence-Based Decision Making

USTDA employs an evidence-driven approach to prioritize funding for activities in markets and sectors that have strong opportunities for U.S. exports, where U.S. industry expertise can meet the development needs of its partner countries. While the data collected by the Agency's Program Evaluations Office is used to inform each programming decision the Agency makes, USTDA also employs a comprehensive process to determine which markets and sectors should be prioritized for funding. Before each new fiscal year, the Agency develops a strategic plan that identifies the priority countries and key infrastructure sectors that are most likely to support increased U.S. exports and development abroad. USTDA believes that the rigor of this process has played an important role in its current ability to generate more U.S. exports per program dollar than at any other time in the Agency's history.

As a result of this process, and as will be described further below, USTDA will focus on eighteen priority countries and prioritize the energy, transportation, and telecommunications sectors for funding in FY 2015. The Agency will also seek to enhance its existing tools and programs to meet increasing and evolving demands and to assist its sister U.S. government financing agencies, the multilateral development banks and other financiers in moving projects to implementation.

PRIORITY MARKETS

Priority Markets

USTDA targets its investment in markets where U.S. companies have the most to offer USTDA's partner countries and the most to gain from exporting. By concentrating its resources on a limited number of countries—and by strengthening its ties with the public and private sectors in those countries—USTDA invests in activities that are expected to generate the greatest opportunities for U.S. companies. The result has been an increase in demand from the U.S. private sector and host countries, and a concomitant increase in USTDA's export multiplier.

A priority market offers strong probability of project success, growth potential for U.S. exports and robust developmental benefits. USTDA responds to both expressed U.S. industry interest and host country priorities in multiple sectors within these markets.

Through its rigorous evaluations process, USTDA has continued to refine its strategy to ensure that it is dedicating its resources effectively. For example, USTDA decreased its number of priority countries from 26 to 18 between FYs 2011 and 2013. Based upon its most recent evaluation, USTDA will again target eighteen key markets. However, while the total number of countries remains unchanged, the composition of the list does not. USTDA has adjusted its priority country list to match the interests and expertise of U.S. industry, replacing markets where its program was not producing the anticipated results with countries that offer significant growth opportunities in key infrastructure sectors, as appropriate.

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South and Southeast Asia	Latin America and the Caribbean	Middle East, North Africa, Europe and Eurasia	Sub-Saharan Africa
India	Brazil	Egypt ⁶	Ghana
Indonesia	Colombia	Kazakhstan	Kenya
Philippines	Dominican Republic	Romania	Nigeria
Vietnam	Mexico	Turkey	South Africa
East Asia	Panama		
China			

An investment by USTDA in priority countries is an investment in job creation and economic growth, particularly as these markets continue to demonstrate strong opportunities for U.S. businesses. The International Monetary Fund's (IMF) World Economic Outlook currently projects global growth to be 4.7 percent in 2015. In contrast, as seen in the table below, based on the IMF's projections for that same period, USTDA's eighteen priority countries are expected to grow by 5.4 percent in 2015.⁷ That growth rate is more than two times larger than the forecasted 2.3 percent growth for the world's high-income countries.⁸ Consistent with the IMF global growth rates, USTDA's program has helped to generate nearly \$23 billion in U.S. exports to-date in these 18 priority markets, and the Agency's evaluation data indicates that the exports will continue to grow.

⁶ USTDA operates within guidance from the Department of State on ongoing and prospective program activities in Egypt. As the situation there continues to evolve, USTDA will continue to assess the demand for involvement and the efficacy of maintaining its programs in the country.

⁷ IMF World Economic Outlook Database, April 2013 (including July 2013 update)

⁸ Ibid.

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GDP Growth Projections in USTDA's Priority Countries⁹

Real GDP Growth	2014 Forecast	2015 Forecast	2016 Forecast	Average 2013-18
World	4.44	4.7	4.56	4.35
High Income	2.04	2.33	2.44	2.09
United States	2.95	3.56	3.44	3.01
Priority Countries	5.13	5.41	5.48	5.31
Brazil	4.04	4.13	4.16	3.94
China	8.24	8.51	8.53	8.38
Colombia	4.51	4.48	4.49	4.43
Dominican Republic	3.43	4.59	5	4.2
Egypt	3.26	5.52	6.53	5.14
Ghana	6.84	6.69	5.72	6.26
India	6.23	6.63	6.86	6.55
Indonesia	6.4	6.44	6.5	6.44
Kazakhstan	5.65	6.2	6.1	5.98
Kenya	6.24	6.31	6.64	6.16
Mexico	3.4	3.35	3.3	3.34
Nigeria	7.02	7.04	7.02	7.01
Panama	7.23	6.69	6.35	6.91
Philippines	5.47	5.3	5.4	5.53
Romania	1.98	2.33	2.88	2.6
South Africa	3.35	3.43	3.3	3.19
Turkey	3.73	4.34	4.4	4.14
Vietnam	5.23	5.35	5.4	5.37

⁹ Ibid.

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Major Emerging Markets

Brazil, China and India continue to receive considerable attention from the U.S. business community because they offer tremendous export opportunities. In fact, the IMF predicts they will account for more than 25 percent of world GDP in just two years' time, up from 13.4 percent in 2009. Although the growth momentum has slowed somewhat in these markets, China is expected to demonstrate approximately 8.5 percent real GDP growth in 2015, while India's projected growth is 6.6 percent and Brazil's is 4.1 percent.¹⁰ These figures are especially notable in the context of the projected global GDP growth.

These markets will have the need and resources to acquire a substantial amount of goods and services over the next several years, much of which will be imported. For U.S. companies to be competitive and successful in these growing markets, it is essential that procurement and project development officials—both public and private—in those countries are provided meaningful access to, and experience with, U.S. goods and services.

In FY 2015, as a part of USTDA's strategy to open India's market to greater U.S. exports, USTDA will seek increasing opportunities to work with the local private sector, while continuing to design effective programs to engage important government-dominated sectors. USTDA expects to see increased activity in clean energy and energy efficiency activities as part of the U.S.-India Energy Cooperation Program, which was formally initiated in November 2010. The U.S.-India Aviation Cooperation Program will see an increase in activities supporting programs that advance our bilateral relationship and India's development goals, while leveraging substantial cost-sharing

Optimizing India's Power Grid

USTDA has supported a number of projects that provide analysis and introduce favorable policies to enable smart grid implementation in India. For instance, Tata Power Delhi Distribution Limited, a utility serving 4.5 million people in northern India, recently implemented all of the recommendations from a USTDA-funded technical assistance on distribution automation. Nearly 15 U.S. companies provided software, hardware and services for this project. As a result, Tata Power is now one of the most advanced utility providers in India and has deployed the country's first Outage Management System, which allows the utility to identify faults more quickly and dispatch a repair crew before the consumer calls. This project was also part of a sector-wide reform program in India that has allowed Tata Power to become privatized, secure a revenue stream and serve as a model for other utilities in the country.

¹⁰ Ibid.

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from U.S. aviation companies. USTDA will continue to play a central role supporting aviation capacity growth, safety management and the transition to new air traffic management technologies for India's rapidly growing market.

USTDA is also connecting U.S. companies to the growing business opportunities in Brazil, where significant investments are being made to accommodate the substantial increase in air traffic expected for the upcoming World Cup and Olympic Games. Since the U.S.-Brazil Aviation Partnership was launched in April 2012, USTDA has led the efforts of its partners—the U.S. Department of State, Federal Aviation Administration, Transportation Security Administration and Brazil's Ministry of External Relations, Secretariat of Civil Aviation and National Civil Aviation Agency—to enhance bilateral cooperation in areas such as airport expansion, airspace management, and aviation safety and security. In FY 2013, the Agency hosted three successful workshops focused on airport certification, environmental standards, airport service quality and light aircraft. Nearly 400 aviation stakeholders from the U.S. and Brazil attended these events. Additionally, USTDA funded a program to develop a roadmap and implementation plan to increase capacity at 16 major airports in Brazil.

China will remain a key market for USTDA to promote public-private partnerships and strategic trade policy initiatives. Infrastructure planning activities in core sectors such as energy and transportation will comprise a majority of the portfolio in FY 2015. USTDA should continue to invest in China for several key reasons: 1) a sustained high level of success in terms of exports, which is USTDA's primary measurement of Agency effectiveness; 2) overwhelming support from the U.S. business community for continued and expanded USTDA programming in China, amid stiff international competition and rising local competitors; and 3) parallel support from U.S. trade agencies, including the U.S. Trade Representative and the Departments of Treasury, Energy, State and Commerce, which note USTDA's capability to rapidly mobilize activities to support U.S. trade policy priorities.

Next Tier Markets

Not far behind these three major developing economies are “next tier” markets that are likely to experience relatively high GDP growth rates. These countries will be critical to continued and sustained U.S. export growth.

SUB-SAHARAN AFRICA

Sub-Saharan Africa is also receiving increased U.S. private sector interest, as Ghana, Kenya and Nigeria are all projected to grow at an average rate above 6 percent between 2013 and 2018. The U.S. government's Power Africa initiative, which aims to increase electricity access to 20 million

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households and businesses in six sub-Saharan African countries by 2018, represents enormous opportunities for U.S. industry. To best target USTDA's program to advance sustainable economic development, the Agency will continue to prioritize efforts in Ghana, Kenya, Nigeria and South Africa. USTDA will also continue to focus its work in the telecommunications, energy and transportation sectors, based on U.S. private sector interests, U.S. foreign policy priorities and regional economic development needs.

Ghana has recently experienced strong economic growth, political stability and increased engagement with U.S. government initiatives in Africa.

Ghana's annual GDP grew nearly 30 percent between 2008 and 2012, to over \$40 billion in 2012. U.S. exports also grew, reaching \$1.3 billion in 2012, up from \$600 million in 2008. USTDA anticipates opportunities for U.S. companies in the Agency's key sectors, especially energy. USTDA's continued presence in Ghana's energy and transportation sectors will help foster relationships between key Ghanaian government stakeholders and U.S. companies with sector-specific technologies and expertise.

Kenya is an attractive market for U.S. companies because of its role as a regional hub and its potential for economic growth. Nairobi serves as East Africa's transportation and business hub and has attracted growing private sector investment, particularly in the energy sector. Kenya is expected to experience a higher economic growth rate in 2014 and the national budget plan aims to provide an enabling business environment for the private sector and to target key infrastructure investments, including \$292 million for railway and port modernization and \$900 million to support energy development.

Given that Nigeria has the largest population in Africa, a growing private sector and economy, and sustained high growth rates, it is a very attractive growth market for U.S. firms and USTDA. With a population of approximately 175 million and over 7 percent growth rate, it has attracted investors, particularly as it further liberalizes its major infrastructure sectors. Based on several factors,

Connecting U.S. Companies to Nigerian Distribution Utilities

A recent USTDA-sponsored reverse trade mission to the U.S. introduced decision-makers from Nigeria's recently privatized distribution companies to U.S. smart grid technologies, as well as sources of implementation financing, that reduce technical, commercial and collection losses. This is especially important in Nigeria, where power grids often lose over 40 percent of the power they transmit. This reverse trade mission targeted U.S. export content for the nearly \$800 million in distribution network modernization investments needed in Nigeria, including the application of smart grid technologies to help these utilities reduce power losses by 10-15 percent, increase the operability and stability of the grid network, and improve customer service and revenue collection.

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including population, GDP growth trends and capital investment, Ernst and Young ranked Nigeria as the market with the highest opportunity for investors and infrastructure developers in Africa.

South Africa, which is the largest and strongest economy on the continent, is the destination of choice for U.S. businesses looking to export to sub-Saharan Africa. Demand for electricity generation, as well as strong incentive to diversify the country's energy mix, presents significant business and investment opportunities for U.S. companies in South Africa. The country's transportation sector also presents significant opportunities for U.S. businesses, while telecommunications is one of South Africa's fastest-growing economic sectors given explosive growth in the use of mobile telephones.

LATIN AMERICA

In FY 2015, USTDA's program in Mexico, Colombia, Panama and the Dominican Republic will focus on modernizing regional transportation linkages, supporting clean energy and modern environmental technologies, and promoting the growth of telecommunications infrastructure.

In Mexico, such projects will focus on connecting U.S. companies to the significant commercial opportunities that will result from the Government of Mexico's plans to invest hundreds of billions of dollars to improve and modernize the country's infrastructure over the next five years. The Government of Mexico is also undertaking major reform efforts in the energy and telecommunications sectors, which will open these sectors to increased competition and private investment. As a result of these emerging infrastructure development opportunities, USTDA expects to significantly increase its investment in Mexico in FY 2014 and 2015, focusing on projects in the transportation, energy, telecommunications and water and environment sectors. Key in this effort is the upcoming U.S.-Mexico Transportation and Communications Conference that will be held in Mexico City in May 2014.

U.S. exports to Colombia rose by 43 percent between 2008 and 2012, and USTDA activities have generated exports in the refineries, ports, aviation, and telecommunications sectors. USTDA hosted the Colombian National Infrastructure Agency's primary presentation to U.S. industry in 2013 and, as a result, USTDA is well-positioned to support U.S. industry participation in Colombia's infrastructure investment program, which is being raised to up to three percent of GDP through public-private partnerships. This will involve massive expansion of the country's highway, rail, airport and inland waterway infrastructure in order to remedy Colombia's transportation infrastructure deficit.

Strategically located at the crossroads between North America and South America, Panama is a nation with strong economic growth and significant U.S. export opportunities, particularly in the

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transportation and energy sectors. A new U.S. free trade agreement partner as of October 2012, the U.S. trade surplus with Panama surged 16% in 2012 to \$9.3 billion. In FY 2015, USTDA will focus its outreach and business development efforts on maritime transportation and logistics projects with the Panama Canal Authority. The Panama Canal Authority, one of the premier project sponsors in Latin America, is undertaking a multi-billion dollar canal expansion project. In addition to the Canal, USTDA will seek to develop relationships with key private sector project sponsors in the energy and transportation sectors.

The Dominican Republic is a promising market for U.S. products, as the United States has a trade promotion agreement with CAFTA-DR. Indeed, over 43 percent of Dominican imports came from the United States in 2012, generating \$7 billion in U.S. exports. USTDA has historically enjoyed a good track record of U.S. export success in the Dominican Republic and sees strong project opportunities in the energy and telecommunications sectors.

SOUTHEAST ASIA

USTDA's strategic focus in Southeast Asia in FY15 will be largely driven by three related efforts: the promotion of infrastructure modernization and connectivity, in support of ASEAN economic integration objectives; clean energy and efficiency activities guided by the U.S.-Asia Pacific Comprehensive Energy Partnership (USACEP); and USTDA's interagency collaboration on the Asia-Pacific Clean Energy Program in Bangkok, Thailand.

Indonesia is both the largest economy in Southeast Asia and the 16th largest economy in the world. In spite of economic and political challenges, Indonesia has seen an average annual GDP growth around 6% since 2006, which has been buoyed by strong domestic consumption. USTDA is seeing resurgence in demand for projects in areas that the Agency has a history of export success and that are due for updating, such as rail, telecommunications, power generation and air traffic management. The most significant driver for USTDA's programming in

Improving Disaster Response in Indonesia

USTDA hosted a reverse trade mission for a delegation of officials from Indonesia's national search and rescue agency, BASARNAS, to highlight available U.S. services and technologies for first response capabilities. The visit was planned in order to position U.S. companies to learn about upcoming procurements in Indonesia and establish business relationships that could lead to export sales. Participants from BASARNAS were introduced to U.S. suppliers of ICT products and software, helicopters, boats and radio communications equipment essential to emergency search and rescue operations in the wake of aviation, maritime and natural disasters. Following the visit to the U.S., BASARNAS purchased ICT and communications products from three U.S. firms, which have enabled it to respond more effectively to major incidents.

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Indonesia is strong U.S. company demand and the need for U.S. government support in this challenging, competitive environment.

Similar to Indonesia, USTDA's project pipeline in Vietnam is largely driven by U.S. companies that see significant opportunities in Vietnam's growing private sector, dynamic energy portfolio and steady export trends. In spite of its relatively small economy, exports of U.S. goods to Vietnam are strong. USTDA's proposed project pipeline is primarily focused on grid transmission and distribution projects, as well as opportunities in wind power development.

USTDA has historically had a small program in the Philippines, though it has engaged the Philippines on a broad cross-section of activities on a multilateral level. Plans for major improvements to the country's transportation infrastructure, as well as the provision of reliable, affordable energy services, represent significant opportunities for U.S. industry. USTDA is addressing these opportunities by building on prior activities in the sectors of aviation and smart grid.

MIDDLE EAST, NORTH AFRICA, EUROPE & EURASIA

The Middle East occupies a central place in U.S. foreign policy, and, consequently, USTDA remains focused on supporting economic development in its partner countries throughout this critical region. USTDA will continue to focus on the energy sector due to U.S. leadership in the field and remarkable demand throughout the region. Modernizing the power sector by increasing renewable energy generation capacity and upgrading transmission and distribution networks to create "smart" grids is a critical priority for the public and private sectors throughout the MENA region.

USTDA has previously had a robust program in Egypt's transportation, energy and petrochemicals sectors. Recently completed activities have led to hundreds of millions of dollars in U.S. exports of goods, services and technology, and USTDA will continue to strategically pursue activities that are expected to lead to similar results. Current turmoil notwithstanding, Egypt's large economy, increasing energy needs, and strategic location should ensure that growth in key sectors such as energy and transportation will continue, particularly with private sector partners. Nevertheless, in FY 2015, USTDA will closely coordinate with the National Security Council, State Department, and other USG partners to determine appropriate USTDA engagement.

The complex mix of modern industry and commerce in Turkey, which is strategically positioned at the crossroads of Europe, Asia and the Middle East, continues to attract a diverse set of American companies to emerging opportunities in the country. The Turkish Government has instituted an aggressive development plan to be achieved by 2023, the 100th anniversary of the Republic's founding, with more than \$120 billion in spending targeted for transportation and energy. The

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plan includes greatly expanding the country's transportation networks in rail, highways and ports, and dramatically expanding renewable energy generation capacity, all sectors in which U.S. industry is highly competitive. USTDA will also continue to support Turkey's ambitious civil aviation project goals, such as the Third Istanbul Airport, a \$20+ billion project with a multi-billion dollar U.S. export potential.

While a relatively small program, Romania still holds significant promise for American businesses as its economy develops and private sector demand continues to grow. Past USTDA projects, which focused on the energy and telecommunications sectors, resulted in substantial U.S. company interest and export success in these sectors. In particular, U.S. firms have recently increased oil and gas exploration and development in Romania and provided solutions for e-government projects.

Located on the shortest overland route between most of Europe and the Chinese coastal cities, Kazakhstan is improving its rail and road infrastructure to become a key cargo transit and logistics center on the "new Silk Road." In addition, electric power companies are responding to rapidly rising energy demand with gas pipeline and power sector investments. As Kazakhstan's economy grows at a forecasted 5% rate and the country invests significantly in its transportation and energy infrastructure, USTDA will continue to identify projects that U.S. companies are targeting.

"GE recently concluded a contract with Sonelgaz of Algeria for 8.4 gigawatts of power generation equipment and services. The equipment will be used to generate power at six sites across Algeria, bringing much needed electricity to that country. We anticipate that the vast majority of equipment in this \$1.9 billion deal will be exported from South Carolina and New York, with suppliers throughout the United States contributing.

Concluding such a large and complex deal was challenging, and GE benefited greatly from assistance rendered by the US Government, including your team at USTDA. USTDA's offer of a training grant to Sonelgaz came at a critical period in the negotiations and had a real impact. Simply put, we would not be where we are today without [USTDA's] active involvement and hard work."

Jeffrey R. Immelt
Chairman & CEO
General Electric Company

Letter to USTDA
Aug 22, 2013

PRIORITY SECTORS

Priority Sectors

USTDA invested 90 percent of its program funding in priority sectors in FY 2013, and expects significant exports as a result of this targeted approach.

USTDA's sector teams continued to analyze the demand from the U.S. business community for USTDA assistance in specific countries and sectors, as well as the U.S. private sector's competitiveness in certain industries and associated future trends. As a result of this rigorous review, the Agency will continue to prioritize the energy, transportation and telecommunications sectors in FY 2015.

USTDA's *priority sectors* were chosen because of:

- their ability to generate U.S. exports, resulting in U.S. job creation;
- their developmental benefits to the host country;
- the demand from developing and middle-income countries; and
- U.S. private sector expertise and competitiveness.

Energy

Energy remains a core policy priority for USTDA and the U.S. government. USTDA will continue to foster export-producing activities in its partner countries that expand the supply of renewable energy sources and promote the use of cleaner, more efficient technologies in all energy subsectors.

Higher standards of living and growing populations throughout the developing world continue to drive energy demand, with USTDA priority countries like India, China, South Africa, Brazil and Turkey accounting for a significant portion of the increases in demand expected during the coming decades.¹¹ Increasing concerns about air quality, energy security and climate change are leading many of these countries to pursue energy diversification, with a particular focus on renewable energy resources.¹²

¹¹ World Energy Outlook 2102, Executive Summary, International Energy Agency, <http://www.iea.org/publications/freepublications/publication/English.pdf>, p. 1.

¹² United Nations Environment Program, "Renewable Energy: World Invests \$244 billion in 2012, Geographic Shift to Developing Countries," <http://www.unep.org/newscentre/default.aspx?DocumentID=2718&ArticleID=9542>.

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In 2012, global renewable power capacity grew by 8.5 percent to reach its highest level yet, with renewables comprising more than half of total net additions to global electric generating capacity.¹³ The use of renewable energy resources for power and fuel continues to expand in nearly every region of the world; in 2012, 138 countries had renewable energy policy targets, up from 109 in 2010.¹⁴ U.S. industry leads in many of the critical technologies, services and equipment that can help emerging economies achieve these energy supply goals.

For example, developing and middle-income countries are increasingly investing in unconventional gas development, which creates the potential for new efficient gas-fired power plant technologies. Non-OECD countries are projected to install 95 gigawatts of new natural gas power plant capacity in the next decade.¹⁵ These efforts will likely increase demand for USTDA's assistance in this subsector, which has historically produced significant export successes. Likewise, the increasing reliance on natural gas for electricity production, which leads to higher efficiencies and reduced emissions, serves as a bridge to a less-carbon intensive energy mix.

New generation is only part of the equation, however, USTDA has also focused resources on – and seen tremendous export success in – transmission and distribution activities and energy efficiency technology. Integrating traditional and renewable energy sources

Smart Grid Success in South Africa

To support the Government of South Africa's efforts to encourage the adoption of smart grid technologies, USTDA sponsored a workshop in Johannesburg in October 2011 to highlight U.S. smart grid technologies for South African electric power stakeholders. This workshop was followed by a reverse trade mission in February 2012 that introduced South African smart grid representatives to state-of-the-art U.S. technologies, equipment and services as well as U.S. regulations, policies and financing mechanisms that could support the implementation of smart grid projects in South Africa. As a result of its participation in the workshop and reverse trade mission, Itron received a contract with the City of Johannesburg to supply smart meters and an associated smart metering system. Approximately \$50 million of the contract total represents communications equipment, software and services sourced from the U.S.

¹³ Renewable Energy Policy Network for the 21st Century, "Renewables 2013 Global Status Report," <http://www.ren21.net/REN21Activities/GlobalStatusReport.aspx>.

¹⁴ Ibid.

¹⁵ Energy Information Administration, "International Energy Outlook 2013", <http://www.eia.gov/oiaf/aeo/tablebrowser/#release=IEO2013&subject=4-IEO2013&table=18-IEO2013®ion=0-0&cases=Reference-d041117>

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into the transmission and distribution grid requires advanced software, equipment and services that together create a “smart grid.” USTDA’s smart grid activities have generated consistent export success from a variety of U.S. firms, and this trend is expected to continue, as the global electricity transmission and distribution market is forecast to reach nearly \$500 billion over the next seven years.¹⁶ USTDA will continue to undertake activities focused on smart grid technologies that demonstrate both advanced U.S. technologies and favorable policies that can move projects to implementation.

To take advantage of these opportunities, USTDA will continue to pursue: (1) climate-friendly energy production, primarily from natural gas and key renewable resources; (2) more efficient electricity transmission and distribution, particularly through the implementation of smart grid solutions; and (3) the introduction of more energy-efficient technologies. USTDA anticipates that the energy sector will continue to comprise a tremendously significant portion of the Agency’s portfolio, supporting both U.S. jobs and critical development in important markets across the globe.

Transportation

Transportation is both the pre-requisite to, and an opportunity for, increased exports. U.S. businesses are generating exports through the Agency’s current projects, while the modernization of transportation infrastructure in USTDA’s partner countries is opening the door to future commercial opportunities.

U.S. exports of transportation equipment have grown by 50 percent over the past three years, reaching \$247.8 billion in 2012.¹⁷ U.S. transportation companies will continue to support and benefit from the increasing connectivity and integration of transportation modes overseas. In fact, USTDA partners have experienced significant success as a result of the Agency’s investments in aviation, rail and maritime infrastructure development projects. Going forward, U.S. companies, who are global leaders in “green” transportation, are poised to support the deployment of sustainable transportation systems through the development of green airports, rail systems and ports.

¹⁶ Navigant Research White Paper, 2013 Q1 Report: “Smart Grid: 10 Trends to Watch in 2013 and Beyond,” <http://www.navigantresearch.com/research/smart-grid-10-trends-to-watch-in-2013-and-beyond>

¹⁷ U.S. Census Bureau.

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Aviation is a critical driver of economic growth both in the United States and abroad. In 2012, over 3 billion passengers were carried by the world’s airlines, which employ over 8.3 million people globally.¹⁸ U.S. exports of aerospace products and parts accounted for 43 percent of all U.S. transportation equipment exports in 2012.¹⁹ Growing demand for commercial aviation, general aviation and air cargo services in China, India, Brazil and South Africa presents a strong opportunity for long-term commercial engagement. In each of these key markets, USTDA has worked with the Federal Aviation Administration to establish a signature aviation initiative that has supported sales of U.S. goods and services while also improving overall aviation safety and security. In FY 2015 and beyond, USTDA will support the implementation of Next Generation Air Transportation Systems (“Next Gen”), which will make air travel safer, greener and more efficient.

Asia-Pacific Commercial Aviation Access

In 2010, USTDA funded a reverse trade mission that brought together 35 delegates from the Civil Aviation Authorities and airlines of the Asia-Pacific region, U.S. aviation companies and the Federal Aviation Authority for a five-day workshop in San Francisco and Seattle. The visit aimed to provide the Asia-Pacific delegation a comprehensive overview of the safety and security requirements needed for foreign air carriers to gain approval for direct commercial airline operations to the U.S., as well as new air traffic technologies and necessary regulatory and legislative changes pertaining to aviation safety oversight and operation. U.S. companies have since built on the relationships cultivated with the delegates, and in one case, sold advanced firefighting trucks to Indonesia and Vietnam resulting in over \$19 million in U.S. exports. These sales provided development benefits by upgrading safety standards and training at airports.

Rail also continues to present significant opportunities for U.S. transportation companies. Large emerging markets such as China, India, Brazil and Mexico are experiencing steady growth in freight rail that is driving demand for locomotives. Based on past experience, USTDA’s program can assist U.S. companies with these export opportunities. USTDA will also continue to support the development of efficient freight management and track maintenance systems, engines and repowering engine kits, and signaling and communication technologies to improve the efficiency and safety of rail operations.

¹⁸ Air Transport Action Group.

¹⁹ Ibid.

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In the maritime transportation subsector, industry forecasts show that both port and container traffic growth will be driven by continued industrial development and increased trade flows. In response to this projected growth, USTDA will target vessel traffic management systems, customs facilitation and port security projects where U.S. companies have a comparative advantage.

In light of the strength of the U.S. industry and the significant infrastructure opportunities in key emerging economies, the transportation sector will continue to be an important cornerstone of USTDA's strategic investment profile in FY 2015. Based on a history of successful results and current market trends, USTDA will maintain a strong portfolio of aviation, rail and maritime infrastructure projects to foster job creation and economic growth.

Telecommunications

Like transportation, telecommunications is a priority sector for USTDA because its infrastructure supports trade and broad-based economic development in emerging markets. Additionally, telecommunications infrastructure provides the foundation for information communications technology (ICT) applications. Many developing and middle-income countries have prioritized these investments to encourage advanced economic growth. Emerging markets accounted for over a quarter of global ICT demand in 2012 and are expected to increase to nearly one half by 2020.²⁰

According to the International Telecommunications Union, internet usage and mobile cellular subscriptions are estimated to have doubled between 2008 and 2013. Sub-Saharan Africa represents significant opportunity, as it has experienced the highest growth rates in mobile broadband penetration.²¹ Given the rapid growth of wireless technologies, USTDA also anticipates growth in power solutions for telephone and cellular infrastructure as telecommunications firms look to power cellular towers and switching stations. USTDA will continue to seek opportunities in this subsector, particularly as niche, high-technology wireless infrastructure tools are developed.

²⁰ European Information Technology Observatory, September 2012

²¹ International Telecommunication Union, The World in 2013, ICT Facts and Figures, February 2013

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USTDA has received increasing demand for assistance in the data accumulation and processing subsector due to the growing need to house and process data in developing countries. Global data is predicted to grow by 800 percent between 2012 and 2017.²² Cloud computing is increasingly impacting data center design and operation—estimates indicate that by 2016, global cloud traffic will grow six fold and nearly two-thirds of data center workloads will be cloud-based.²³ In recent years, USTDA has substantially increased its investments in data center activities, which are expected to produce significant exports. USTDA will continue to pursue data center optimization and cloud computing projects in order to increase opportunity for U.S. companies, who are well-positioned to provide equipment and services in this subsector but who face considerable competition from foreign companies.

Increasingly, USTDA's support for ICT applications in energy and transportation infrastructure projects is playing a prominent role in the Agency's portfolio. Given the fast pace of technological change for ICT applications, reverse trade missions should continue to be an especially successful tool for promoting the use of industry-leading U.S. technologies in ICT cross-sector activities.

Brazil State of Minas Gerais Data Centers

In order to support e-Government initiatives of the State Government of Minas Gerais in Brazil, USTDA funded a feasibility study that examined the potential for integrating and upgrading existing data centers across various state agencies. With a growing demand for information and communications technology, the applications, services and portals operated within the State Government would be overhauled for increased flexibility and efficiency as a result of the study. While the State Government of Minas Gerais is currently in the process of determining how to implement an integrated data center that would serve its various state agencies, a number of procurements have been made for various upgrades at two existing data centers. These procurements have resulted in approximately \$14 million in U.S. exports of IT data center equipment from nineteen different U.S. companies, and additional scheduled procurements may result in more U.S. exports in the future.

²² Colliers International Data Center Market Report, <http://www.colliers.com/~media/images/unitedstates/markets/minneapolis-st.paul/market%20reports/q2%202012/data-q2-2012.pdf>

²³ Cisco Global Cloud Index, http://www.cisco.com/en/US/netsol/ns1175/networking_solutions_sub_solution.html

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The increased global demand for telecommunications infrastructure and ICT applications creates great potential for U.S. companies in USTDA's priority markets. While the United States has historically been a leader in these markets and U.S. companies remain at the forefront of innovation in this sector, foreign competition from Asia and Europe is fierce. These factors provide additional impetus for USTDA's designation of telecommunications as a priority sector.

MEASURING OUR INVESTMENT

Measuring Our Investment

USTDA has long recognized that an evidence-based approach will enable the Agency to efficiently allocate its budget for activities that provide the highest return on investment for U.S. taxpayers. USTDA evaluates its program tools on a continuous basis to determine its overall effectiveness and responsiveness to U.S. industry, U.S. government policy priorities and emerging market needs. USTDA continuously analyzes its past performance by country and sector, reviews its program successes as well as failures, and identifies the most effective tools to leverage funding. In addition to USTDA's historic results, the Agency also examines U.S. export growth and forecasted trends in its key markets. This comprehensive methodology allows the Agency to prioritize the number of markets and sectors in which it operates, targeting resources for activities with a strong probability of success. USTDA's ongoing use of evaluation and performance data informs each of its programming decisions, as well as its strategic planning process.

Measuring U.S. Exports

USTDA measures results by monitoring project development once an activity is completed, and by investigating and documenting the linkage between specific activity interventions and final project outcomes. USTDA's performance data measures the U.S. content of a commercial sale resulting from a USTDA-funded activity. In order to make the best estimation of its impact on U.S. jobs, USTDA defines "U.S. content" as goods manufactured in the United States or services provided by U.S. citizens. USTDA obtains U.S. content data most commonly from its stakeholders or, in instances where information is limited or unavailable, works with them to estimate U.S. content value. The U.S. exports identified must have a credible and significant linkage to the USTDA-funded project. Given the nature of USTDA's activity in early project planning and

Evaluations stakeholders include:

- U.S. companies and suppliers
- Host country project sponsors
- Grantees
- Contractors
- Financiers (i.e. multilateral development agencies)
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MEASURING OUR INVESTMENT

development, results are realized over the long-term. As such, a ten-year rolling average²⁴ (TYRA) is the interval of time used to capture a meaningful, relevant representation of the U.S. export results of USTDA's programs. The export data is then used to measure USTDA's performance in the following ways:

- **Export Multiplier:** the amount of exports generated for every USTDA program dollar obligated—in general terms, it is the “export return on USTDA investment”;
- **Total Cumulative Exports:** the amount of exports associated with USTDA funding in any given time period; and
- **Small Business Impact:** the percentage of USTDA-funded activities that have been awarded to small businesses.

At the heart of USTDA's program evaluations strategy is the calculation of the export multiplier. The multiplier rate quantifies the amount of exports generated for every USTDA program dollar obligated. It is calculated by dividing the dollar value of U.S. exports USTDA identifies by the dollar value of USTDA's funding commitments. For the current TYRA period, USTDA has obligated \$314.8 million for foreign assistance projects, which has helped to generate \$23 billion in U.S. exports. Thus, for every \$1 dollar of USTDA program funding, \$73 in U.S. exports are generated—exceeding last year's multiplier rate of \$63 and the multiplier for two years ago of \$58. This return on investment demonstrates the Agency's ability to help achieve the goals of the National Export Initiative, meet the needs of developing and middle-income countries, and promote the strengths of the U.S. business community through the export of U.S.-manufactured goods or services.

Export Multiplier:	$\frac{\$23 \text{ billion}}{\$314.8 \text{ million}} = \73
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²⁴ Ten Year Rolling Average (TYRA) is a ten-year interval of time used to report the outcomes of USTDA's program. The TYRA currently consists of all USTDA activities completed between years 2001-2010. Due to the nature of USTDA's funding—early project planning and development—it is not common to experience immediate results from the Agency's activities. As such, this interval of time is used to capture a meaningful and relevant representation of the results of USTDA's program funds.

MEASURING OUR INVESTMENT

Reviewing Program Efficacy

USTDA has maintained an external, third-party evaluation process since the Agency’s inception. Outside evaluations contractors collect the data required for quantitative analysis that is used to report on the Agency’s performance. In FY 2013, USTDA strengthened this system by selecting a second evaluations contractor to supplement its process. By having two companies undertake these services, the Agency is able to maintain a system that allows each company to independently—and separately—validate USTDA’s evaluation methodology and data, and provide recommendations about ways in which the process can be strengthened.

In FY 2013, the Agency also revised its sector and subsector data categorizations in order to align its internal data with current industry terminology. As a result, USTDA’s dataset better represents current and future infrastructure and export opportunities, thus allowing the Agency to determine how best to meet its customers’ needs.

Guiding the Agency’s Strategic Planning

USTDA annually conducts an extensive review of its program with active participation from Senior Management, program staff and the Program Evaluations Office. Regional and sector teams prepare strategic plans describing the results of and projections for their respective portfolios, including lessons learned based on performance results, as well as new ideas for the upcoming fiscal year—all of which is based upon the Program Evaluations Office’s historical performance data and forward-looking projections.

Cross-referencing external comparative information with USTDA’s internal evaluations data provides unique insight into the countries and industries where USTDA should focus its investments in the future. In sum, the Agency’s strategic planning process relies heavily upon performance and evaluation data to develop USTDA’s performance plans, to enhance program delivery, develop innovative new tools and improve the level of service to its clients and partners.

External Comparative Information	Internal Comparative Information
<ul style="list-style-type: none">• Gross Domestic Product (GDP) per capita• World Bank income rankings• Country population comparisons• International Monetary Fund’s (IMF) GDP growth projections• Census-generated U.S. export data (compared to USTDA U.S. export data)• Top five industry sectors for exports for each country as reported by USTDA results and Census data	<ul style="list-style-type: none">• Export trends by year/ region/country, and industry sector/subsector• Comparison of USTDA obligations to export trends• Export generation distribution by subsector• USTDA program efficacy, by funded activity or tool, country/region, and industry sector/subsector

MEASURING OUR INVESTMENT

Informing Each Funding Decision

USTDA also incorporates an evidence-driven approach to ongoing funding decisions through the inclusion of the Program Evaluations Office staff, alongside Senior Management, in internal Project Review meetings with program staff. Before any Agency program funds are allocated for a potential activity, program staff must present a detailed analysis that incorporates data evaluating potential export sales, as well as past Agency results in the relevant country and sector, to support the request for new funding. USTDA funding is prioritized for those projects for which the Agency's historical performance data suggests the strongest potential for success.

Looking Forward

USTDA will continue to use evaluation data to develop successful programs and implement new approaches that strengthen program delivery. Evaluation reporting is critical to the Agency's priorities of maintaining accountability and transparency, as well as delivering value for its customers, in the execution of its mission.

USTDA's Program Evaluations Office regularly works with its interagency partners to monitor and document the outcomes associated with USTDA's funding efforts, to ensure that USG funding decisions maximize gains for U.S. companies. In FY 2015, USTDA will use its performance data to determine the type of activities that were most useful to financing institutions, like Ex-Im and OPIC, in assessing project viability. This evaluation will help USTDA increase the number of projects that secure financing and, therefore, increase the projects' potential to generate U.S. exports.

SIGNIFICANT FY13 ACHIEVEMENTS

Significant Program Achievements in FY 2013

In FY 2013, USTDA expanded opportunities for U.S. businesses to export their goods and services to emerging markets—in support of jobs here at home—by forging strategic relationships between the private and public sectors in the United States and its partner countries. The Agency continues to prioritize its funding for activities with a strong probability of effectiveness, which allows U.S. companies to build relationships and make sales to new markets while developing and middle-income countries achieve their economic development goals. The activities described below demonstrate the benefits of USTDA's unique brand of economic and commercial cooperation.

Mobilizing Capital to Power Africa

In June, USTDA Director Zak joined President Obama in sub-Saharan Africa for the launch of the Administration's signature Power Africa initiative. President Obama visited Tanzania's Ubungo Symbion Power Plant, where he announced the goal of increasing electricity access by at least 20 million households and businesses, as well as enhancing energy resource management capabilities—providing a roadmap for USTDA's future programs. To highlight the importance of its commitment to these goals, USTDA co-hosted a roundtable in South Africa with African private sector firms and financial institutions to discuss how Agency programs can help mobilize capital for energy development to meet the goals of Power Africa.

Consistent with the Power Africa objectives, USTDA, OPIC and the Department of State developed the U.S.-Africa Clean Energy Finance Initiative (US-ACEF), an innovative financing mechanism that aligns U.S. government resources to catalyze significant private sector investment in Africa's clean energy infrastructure. Under the four-year program, USTDA will leverage its project planning expertise to support activities both eligible for and currently in OPIC's pipeline for private-sector investment transactions. The program will help ensure that technically and financially sound projects reach implementation, rather than falling short because they lack funding for critical "last mile" activities.

Building on this initiative is the U.S.-Africa Clean Energy Development and Finance Center, which was developed by USTDA, OPIC and Ex-Im. The Center provides U.S. private sector and sub-Saharan African developers with a centralized means to identify and access U.S. government support for their clean energy export and investment needs. Housed in the U.S. Consulate in Johannesburg, the Center is coordinating its resources with those of the U.S. private sector, multilateral and local development banks, and private banks and equity firms.

SIGNIFICANT FY13 ACHIEVEMENTS

Leveling the Playing Field for U.S. Industry in Overseas Procurements

In August 2013, USTDA launched the *Global Procurement Initiative: Understanding Best Value* (GPI) in response to requests from both its U.S. industry and overseas partners. The GPI aims to educate public procurement officials in emerging economies about the benefits of integrating best-value determinations and life-cycle cost analyses into their procurement policies. By fairly and transparently evaluating value in procurements, emerging economies will benefit from sustainable investments while creating a level playing field for greater international competition.

USTDA launched the GPI in partnership with the George Washington University's (GW) Government Procurement Law Program, the only degree-awarding program in North America that focuses on the law of public procurement. The major development banks have also agreed to collaborate with USTDA and GW when possible; their contributions are essential, given the importance of multilateral bank financing in developing and middle-income countries. The GPI's partners recognize that least-cost procurement methods, frequently employed in emerging markets, often discourage competition in international tenders. Objective methods for value assessment, such as life-cycle cost analyses, will lead to transparent procurement decisions that level the playing field for U.S. companies. The value that U.S. industry places on the GPI was highlighted by the private sector members of the President's Export Council, who submitted a letter to President Obama in support of the GPI recommending that the Administration fully support USTDA in its implementation.

Strengthening Public-Private Partnerships

CHINA: USTDA believes in the crucial importance of leveraging industry innovations and government resources for win-win results. In China, this philosophy led USTDA to support the creation of four public-private partnerships in aviation, energy, health and agriculture over the past ten years. The first of these, the U.S.-China Aviation Cooperation (ACP), has grown to include over 40 U.S. industry members and five public sector partners since it was founded in 2004. U.S. companies attribute nearly \$5.4 billion in sales to the ACP's USTDA-funded activities. In 2013, USTDA hosted the sixth biannual *U.S.-China Aviation Symposium* in Beijing. Attracting over 350 participants from the United States and China, the conference provided 80 U.S. companies access to China's top aviation decision-makers. This event supported the ACP's efforts to expand U.S. exports to China's rapidly growing aviation sector by highlighting U.S. expertise and addressing constraints in the Chinese market.

Building upon the success of these public-private partnerships, U.S. industry established the U.S. Agriculture Food Partnership in 2013 to focus on the largest source of U.S. exports to China. The Partnership will provide a platform to better promote U.S. agricultural interests by introducing

SIGNIFICANT FY13 ACHIEVEMENTS

U.S. best practices to help China develop a safer, more sustainable agricultural supply chain. This Partnership meets U.S. agribusiness' growing need for broader advocacy while emphasizing positive cooperation between the U.S. and Chinese agricultural sectors. USTDA looks forward to supporting activities under the Partnership as opportunities arise.

INDIA: The key drivers of USTDA's program in India remain the U.S.-India Aviation and Energy Cooperation Programs, which represent the long-term commitment of both countries to advancing India's development priorities while positioning U.S. firms to help implement India's critical aviation and energy infrastructure projects. USTDA highlighted the breadth and tangible outcomes of these efforts during the Strategic Dialogue held in New Delhi in June 2013. Director Zak, who participated in this annual dialogue led by Secretary of State John Kerry, helped strengthen the U.S. economic and trade relationship with India by announcing new USTDA commitments to advance bilateral cooperation.

During the Strategic Dialogue, Director Zak and U.S. Secretary of Energy Ernest Moniz also participated in key meetings focused on the two countries' strategic energy sector cooperation, where they discussed programs that provide Indian partners with leading U.S. expertise to advance their infrastructure plans. One such program is a common Smart Grid Test Bed grant that USTDA provided to India's Central Power Research Institute to help promote full-scale deployment of smart grid technologies across India's power sector

OPERATING EXPENSES

Operating Expenses

USTDA has long been recognized as an agile, responsive partner to U.S. companies seeking export opportunities and to project sponsors in emerging economies. The Agency's structure promotes an environment that fosters innovation and efficiency, both in external engagement with stakeholders and in internal operations. In spite of limited resources, USTDA staff has retained their commitment to exceptional customer service and increased operational efficiency in order to fulfill the Agency's mission and support U.S. government priorities.

As part of the Agency's ongoing efforts to become more efficient internally in order to be more responsive externally, USTDA has made several short- and long-term process improvements, as described below.

Open Data and Accessibility for U.S. Industry

In the normal course of its project development work, USTDA gathers a wealth of valuable business data through its extensive market research and due diligence efforts. Recognizing that this information could greatly benefit U.S. companies looking to expand their businesses in overseas markets, USTDA plans to redesign its website to offer a new "market intelligence" webpage directed toward U.S. industry. This new webpage will be complemented by the Agency's ongoing effort to digitize its extensive library of reports obtained from USTDA-funded project planning activities. Moreover, it will showcase information about USTDA's ongoing project activities that U.S. companies can then utilize to position themselves for success when resulting international tenders are released.

Interagency Collaboration to Address Client Needs

To keep the public better informed about USG activities and global business opportunities, USTDA has connected relevant web content from its website to automatically update on the BusinessUSA website. This use of application programming interface (API) technology allows the Agency to post USTDA-funded events like reverse trade missions and workshops, as well as procurement opportunities, directly to BusinessUSA. In fact, USTDA piloted this approach for BusinessUSA, which was so successful it is now being utilized by other USG agencies to increase the reach and usefulness of the consolidated website.

OPERATING EXPENSES

Online Outreach

In FY 2014 and 2015, USTDA will continue to expand the use of its online platforms to meet the demands of its customers. USTDA is already utilizing social media platforms like Facebook and Twitter to disseminate useful business development information, such as procurement opportunities, to the private sector.

USTDA is increasingly hosting sector-focused webinars and workshops, in collaboration with the Agency's Making Global Local partners, to provide a "how-to" for companies that are interested in working directly with the Agency. Recognizing that resource constraints prevent many small businesses from taking time off of work to travel to and attend events, not to mention paying registration fees, USTDA utilizes webinars as an efficient, no-cost solution to target these firms. Given the increasing interest in the Agency's programs, USTDA will be investing in new solutions that provide a better user experience for webinar and teleconferences participants.

Staffing

The Agency has projected a modest increase in operational expenses for FY 2015 to accommodate the salaries and benefits for two additional FTEs. This small investment in USTDA's program staff is necessary to support the Agency's increasing portfolio of activities and to maintain the requisite levels of research, analysis and due diligence that have resulted in historic levels of success. The two FTEs will be regional program staff working to ensure successful implementation of USTDA's program funding in direct support of U.S. government initiatives like Power Africa. The additional FTEs will expand market and industry sector expertise and employ a data-driven analytical approach to ensure that USTDA focuses its investments of taxpayer dollars on projects with the highest empirical opportunity for return. In sum, the increase in USTDA's staffing level and related operating expenses will enable the Agency to maintain strong oversight of its increased number of activities with the same controls that have already proven successful.

Managing through Data

USTDA is continually striving to evaluate its business processes in an effort to gain efficiencies in operations, improve customer service and reduce unnecessary labor costs. The Agency undertook several efforts in FY 2013 to enable its staff to utilize data in order to manage activities more effectively. One such effort was the deployment of a new Project Management Database System, which standardizes the management of current open obligations across the Agency. The consistent recording and monitoring of program data will produce standardized reports that senior management can utilize for decision-making.

OPERATING EXPENSES

USTDA also developed a new platform to track each step in its project timeline, from the receipt of a project proposal to project closeout. The new project timeline will allow the Agency to track every step in a project life cycle, identify bottlenecks in the system and design process changes to alleviate the slowdowns. By implementing these efficiencies in the delivery of the Agency's programs, USTDA will be able to better manage its customers' expectations about response times and project delivery.

In FY 2015, USTDA hopes to introduce an electronic routing system for standard workflow operations within the Agency's finance and contracts offices. Utilizing the Agency's Share Point software, this beta test will be expanded significantly to provide for electronic approval of internal operating documents for funding, project approval and administrative procedures. This streamlining of services will allow staff to work more efficiently both in the office and while teleworking or in the field by providing the ability to approve actions that otherwise would be delayed or require specific authorization for another staff member to approve on behalf of the signatory. The Agency also intends to significantly expand its use of remote access through the use of advanced video-conferencing, Skype and other electronic means. USTDA plans to expand efforts to visually connect with both staff and stakeholders across the globe more effectively and more frequently with these cost-efficient technology solutions.

Developing Human Capital

USTDA's greatest asset is its highly motivated staff, whose specialized expertise uniquely qualifies them to fulfill the Agency's mission. Recruiting and retaining the best and brightest talent is the major focus of the Agency's human capital development plan. To enable these dedicated employees to reach their professional goals, USTDA is committed to providing a robust internal training program. In FY 2015, the Agency will implement a comprehensive, centrally-coordinated employee training program that will provide job-specific and professional enrichment training, both in-house and through external providers. The goal is to support USTDA's industry sector teams, which were developed to augment the staff's programmatic expertise by offering commonly-requested classes—thereby yielding efficiencies—to groups of employees with the same industry focus.

As an important retention tool, USTDA has also expanded its successful telework program by launching a "Remote Telework" pilot program for FY 2014. New Agency policies and processes are being developed to retain to exceptional, experienced regional Country Managers by affording them the opportunity to work remotely from Los Angeles, California and Miami, Florida. This program will expand USTDA's reach in two critical domestic markets. By allowing for remote telework, USTDA will retain highly efficient employees, which will benefit the Agency financially by eliminating the downtime and costs associated with recruiting or retraining staff.

OPERATING EXPENSES

Conserving Resources through Shared Services

USTDA has long sought arrangements with Shared Service Providers (SSPs) to take advantage of the specialized expertise and technical capability of the SSPs, while reducing the Agency's budgetary and staffing needs and minimizing redundancies across the federal government. In the past, the Agency maintained its Oracle Federal Financials on a stand-alone server hosted by the Interior Business Center (IBC). Through a migration plan developed between USTDA and IBC, Oracle Federal Financials was migrated to a shared platform, thereby reducing annual expenditures by almost 50 percent (\$1.1 million in FY 2010 as compared to \$569,962 in FY 2014). The one-time \$536,000 migration cost in FY 2010 was recouped in FYs 2011 and 2012, allowing for the realization of significant cost savings for the Agency and the U.S. government into the future. These savings through shared services will continue to be realized in FYs 2014 and 2015.

USTDA also has longstanding shared service agreements for security support services (i.e. personnel security clearances, physical guards, alarm and PIV badges) and administrative support services (i.e. telephone and data wiring, administration of the Agency's standard and secure communications) with the Department of State. Additionally, agreements are in place with the IBC for Human Resources management, staffing and personnel and payroll processing, as well as for travel authorization and voucher processing. These services have allowed the Agency to tap into the SSPs' knowledge base to eliminate redundancy and improve efficiency in a variety of ways. For instance, by fully adopting IBC's processing of staffing requests, USTDA has eliminated the need for time-consuming internal ranking panels—thereby filling vacant positions more quickly, which eliminates highly inefficient staffing gap periods.

REPRESENTATION FUNDS

Representation Funds

USTDA requests \$6,000 in representation funds for FY 2015. As noted in the *Principles of Federal Appropriations Law* (a.k.a. the “Red Book”), “Entertainment appropriations originated from the need to permit officials of agencies whose activities involve substantial contact with foreign officials to reciprocate for courtesies extended to them by foreign officials.” As a foreign assistance agency, USTDA’s continued success has been driven, in large part, by the Agency’s strong relationships with host-country partners in the emerging economies where USTDA works. USTDA hosts roundtables, business briefings, signing ceremonies, and other events overseas to leverage the Agency’s “convening power”—that is, the Agency invites U.S. industry representatives to events in order to meet with high-level foreign officials that have pending procurements or that are seeking industry-leading U.S. technology solutions to their development challenges. USTDA also hosts over thirty-five Reverse Trade Missions every year that bring senior public and private sector officials to the United States. Protocol between nations, international business practices and simple hospitality to the Agency’s foreign partners sometimes require USTDA staff “to reciprocate for courtesies extended to them by foreign officials” in the course of conducting Agency business. Successful execution of the Agency’s mission, therefore, requires a modest amount of representation funds necessary to properly build and maintain these integral relationships.

APPENDIX 1 | CORE OE BUDGET OVERVIEW

Appendix 1 | Core OE Budget Overview

		FY2013	FY2014	FY2015
		Actual	Budget	Budget
Operating Expenses		Includes 2012 carry/over		
11.1	Full Time Permanent	\$3,997,638	\$4,443,114	\$4,981,971
11.3	Other Than Full Time Permanent	\$869,475	\$814,235	\$835,227
11.5	Other Personnel Compensation	\$17,141	\$35,000	\$89,218
11.9	Total Personal Payments	\$4,884,254	\$5,292,349	\$5,906,416
12.1	Civilian Personnel Benefits	\$1,447,504	\$1,489,240	\$1,708,493
	Total Salaries and Benefits	\$6,331,758	\$6,781,589	\$7,614,909
23.1	Rental Payments to GSA / Others	\$1,872,936	\$1,307,000	\$1,800,000
21.0	Travel and Transportation	\$637,653	\$696,300	\$798,000
23.3	Communications, Utilities & Misc.	\$74,934	\$102,176	\$100,500
23.3	Communications, Postal Fees & Mail Service	\$164,000	\$168,269	\$170,500
24.0	Printing and Reproduction	\$86,155	\$87,634	\$87,634
25.1	Consulting Services	\$3,030,736	\$3,041,753	\$2,870,555
25.2	Other Services	\$165,219	\$192,584	\$191,150
25.3	Inter-Agency Reimbursable. Agreements	\$1,821,624	\$1,210,379	\$1,222,702
25.4	Operation and Mgmt. of Facilities	\$13,000	\$12,500	\$13,000
25.7	Equipment Maintenance	\$26,999	\$35,000	\$35,000
26.0	Supplies and Materials	\$98,775	\$90,026	\$101,000
31.0	Furniture and Equipment	\$170,596	\$111,000	\$150,000
	Carryover	-\$1,378,385	\$263,790	-\$854,950
Total Operating Expenses - Core Budget Obligations		\$13,116,000	\$14,100,000	\$14,300,000
Program Funds - Core Budget Obligations		\$34,352,700	\$40,973,000	\$53,400,000
Total Core Budget		\$47,468,700	\$55,073,000	\$67,700,000

Appendix 2 | USTDA's Data Validation & Verification Approaches

USTDA Mission Statement

The U.S. Trade and Development Agency helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions while creating sustainable infrastructure and economic growth in partner countries.

Introduction

Performance data is the foundation upon which the U.S. Trade and Development Agency (USTDA) aligns its programmatic funding decisions in order to achieve its strategic goals. The Agency's success is a result of its rigorous evaluations process, which prioritizes funding for activities in markets and sectors that have strong opportunities for U.S. exports. The Agency collects qualitative and quantitative data about U.S. exports by monitoring project development once a USTDA activity is completed, and by investigating and documenting the linkage between specific activity interventions and final project outcomes.

USTDA's performance data measures the U.S. content of a U.S. commercial sale resulting from a USTDA-funded activity. In order to make the best estimation of its impact on U.S. jobs, USTDA defines "U.S. content" as goods manufactured in the United States or services provided by U.S. citizens. USTDA obtains U.S. content data most commonly from its stakeholders or, in instances where information is limited or unavailable, works with them to estimate U.S. content value. The U.S. exports identified must have a credible and significant linkage to the USTDA-funded activity. Given the nature of USTDA's activity in early project planning and development, results are realized over the long-term. As such, a ten-year rolling average²⁵ (TYRA) is the interval of time

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APPENDIX 2 | DATA VALIDATION & VERIFICATION

used to capture a meaningful, relevant representation of the U.S. export results of USTDA's programs. The export data is then used to measure USTDA's performance in the following ways:

- **Export Multiplier:** the amount of exports generated for every USTDA program dollar obligated—in general terms, it is the “export return on USTDA investment”;
- **Total Cumulative Exports:** the amount of exports associated with USTDA funding in any given time period; and
- **Small Business Impact:** the percentage of USTDA-funded activities that have been awarded to small businesses.

To identify and verify U.S. export content, USTDA engages with external, third-party contractors to conduct independent annual evaluations, during which data pertaining to the results of USTDA's activities is gathered and validated. The data collected is examined, verified and reflected in a final report to USTDA on the outcomes of the Agency's funding commitments. This information is then used to support organizational learning, fulfill the Agency's reporting requirements and contribute to effective performance management. USTDA has maintained and strengthened this third-party evaluation process for over two decades, and will continue to do so going forward.

USTDA's evaluation methodology is designed to ensure consistency and transparency throughout the data collection, monitoring, reporting and analysis process. USTDA adheres to thorough

Evaluations stakeholders include:

- U.S. companies and suppliers
- Host country project sponsors
- Grantees
- Contractors
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- USG agencies involved in project implementation (i.e. Ex-Im, OPIC and Department of Commerce)



immediate results from the Agency's activities. As such, this interval of time is used to capture a meaningful and relevant representation of the results of USTDA's program funds.

APPENDIX 2 | DATA VALIDATION & VERIFICATION

evaluation of each activity it funds and aggregates performance data in order to provide results-based recommendations that can be adopted into USTDA's daily operations to strive towards the highest performance standards. Thus, USTDA can provide reasonable validation and verification that its data is complete, accurate and consistent with Office of Management and Budget guidance, as well as many of the Government Accountability Office's best practices.

Means Used to Verify and Validate Measured Values

USTDA's data collection efforts are designed to ensure the highest level of quality and consistency. Reliable data is critical to USTDA's ability to measure performance results in order to inform meaningful and effective programmatic decisions.

Each evaluation effort requires extensive outreach and surveying of project stakeholders, in order to verify and corroborate both old and new information through additional sources. As new information is gathered, USTDA's performance data is revised to reflect the status of project developments. Each individual evaluation generates a report that provides a complete assessment of the project's outcomes and an analysis of the impact of USTDA's funding on these outcomes. These reports are then used by USTDA program staff to learn lessons from projects that were successful and those that were not implemented. Further, the data contained in these reports are aggregated and analyzed by the Agency to identify the most effective ways to leverage funding and substantiate actionable recommendations to improve program effectiveness. Evaluation of a project is considered complete when it is believed that the results of USTDA's funding have been fully documented or no additional changes to the information will be realized. Thus, USTDA's data is subject to multiple third-party evaluations, over multiple years, and adjusted to reflect the most accurate information that can be obtained about outcomes.

USTDA has maintained an external, third-party evaluation process since the Agency's inception. Outside evaluations contractors collect the data required for quantitative analysis that is used to report on the Agency's performance measures. In FY 2013, USTDA strengthened this system by selecting a second evaluations contractor to supplement its process. By having two companies perform these services, the Agency is able to maintain a system that allows each company to independently – and separately – validate USTDA's evaluation methodology and data, and to provide recommendations about ways in which the process can be strengthened. USTDA protects the data that is collected by maintaining a secure internal database that can only be accessed by internal personnel, and a separate client server application for use by the third-party contractors.

APPENDIX 2 | DATA VALIDATION & VERIFICATION

Sources of the Data

USTDA's Program Evaluations Office evaluates and reports the outcomes of the Agency's funding for activities that support projects.²⁶ USTDA may fund more than one activity to help advance a single

project; however, the primary goal of the Program Evaluations Office is to help the Agency identify the most effective ways to leverage its funding, inform the Agency's decision-making processes, and contribute to the Agency's ability to maintain accountability and transparency by providing clear, consistent data and analysis.



USTDA maintains specific steps in its process to gather and document data. Evaluation strategies are designed by program staff, in coordination with the Program Evaluations Office, during the scoping and definition of a USTDA-funded activity. USTDA's activities include: early project planning and development, including grant funding for pilot projects, technical assistance and feasibility studies; and contract funding for reverse trade missions, conferences, workshops and training programs. The nature of collecting data for these activities varies slightly; however, USTDA has instituted consistent and rigorous methods in order to document the same data for all activities: U.S. exports.

In addition to the use of the evaluation strategy mentioned above, a Project Implementation Assessment (PIA) is conducted upon receipt of the last milestone invoice for early project planning and development activities. The PIA documents the status of the USTDA-funded activity to determine whether funding goals will be achieved. Upon completion of a project planning grant activity, USTDA receives a final report that was approved by the grantee, documenting the work performed under USTDA's funding. All final reports include recommendations on how the grantee can implement the project. These recommendations include a list of equipment and services that are required for project implementation as well as a list of potential U.S. sources of supply. Therefore, the recommendations within the final report help frame USTDA's evaluation efforts.

²⁶ A *project* is an infrastructure goal, identified by a project sponsor that will require the importation of goods and services to be constructed or implemented. USTDA's funding is not used for the *project*; rather, USTDA funds an *activity* to help a *project* progress to implementation. Therefore, a USTDA *activity* is intended to help promote the export of U.S. goods and services for use in the *project*. A central part of USTDA's evaluation process and performance measurements is determining whether and how a USTDA *activity* led to direct results or outcomes for a specific *project*.

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The evaluation strategy, PIA and final report recommendations then support the Initial Impact Assessment (IIA) process, which is conducted upon USTDA's receipt of the final report. The IIA summarizes: (1) the USTDA activity and project background; (2) the final report conclusions/recommendations; (3) whether the Agency's funding met intended goals; (4) the likelihood of project implementation; (5) the likelihood for export results; (6) list of stakeholder contacts; and (7) any other information required for future evaluation efforts. The IIA, which is the first formal step for USTDA's Program Evaluations Office to initiate contact with the project stakeholders, allows the team to determine whether the assumptions made at the time of funding have changed and adjust the evaluation effort accordingly. Upon completion of the IIA, the activity is then entered into USTDA's third-party evaluation cycle.

Upon completion of a USTDA contract for a reverse trade mission, conference, workshop or training program, contractors submit an immediate report and a one-year follow-on report, both of which include surveys that are distributed to all participants asking what they gained as a result of participating in the event and how their participation helped them to achieve their goals. These two reports, and the accompanying surveys, are intended to capture instances where business connections were initially made at the USTDA event but needed time to generate meaningful results. Simply, the reports are intended to help document commercial impacts resulting from USTDA-funded activities. The evaluation strategy developed during project conception is used to inform the surveys issued upon the contracted activity's completion. As with grant activities, upon completion of a one-year follow-on report, the activity is then entered into USTDA's third-party evaluation cycle.

Sources of Data throughout Evaluation Cycle

Throughout the processes described above, USTDA gathers its performance data through the use of stakeholder interviews and surveys, personal phone communications, emails, in-person interviews, publicly available information, U.S. government documentation or a combination of these sources. The Program Evaluations Office strives to use consistent methods that are most likely to result in obtaining information about the impact of a USTDA-funded activity. At each stage of the data gathering process, information is collected in order to determine whether, and how, U.S. companies benefited from the USTDA activity, detailing the U.S. exports and U.S. content of the exports, including:

- whether the goal of USTDA's funding was achieved and if not, why;
- how the project was financed and if not, why;

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- a complete documentation of what resulted from the USTDA activity, if anything, and why those results did or did not occur; and,
- a list of individuals who are knowledgeable about the project's status.

USTDA has the utmost confidence in the accuracy and validity of its performance data and evaluation processes, which form the foundation of the continual strengthening of the Agency's program.



U.S. Trade and Development Agency

Congressional Budget Justification



Fiscal Year 2016

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Budget Request & Justification

The U.S. Trade and Development Agency (USTDA, or the Agency) provides measurable value for every taxpayer dollar it programs while supporting U.S. jobs. In order to achieve its dual mandate of increasing exports of U.S. goods and services while fostering economic growth in emerging markets, the Agency targets its investments for activities with a strong probability of implementation. Because of the Agency's support of the U.S. government's export promotion activities as well as U.S. foreign policy objectives, an increased investment in resources for USTDA is a direct, immediate and effective investment in U.S. job creation and sustainable economic growth.

As evidence of the Agency's tremendous value, USTDA's programs are now generating more U.S. exports per program dollar than at any other time in the Agency's history: over \$76 of exports for every dollar programmed, up from \$41 just five years ago. This ongoing success is the result of the Agency's targeted approach to efficiently allocating its resources to activities that provide the highest return on investment for U.S. taxpayers. USTDA evaluates its program tools on a continuous basis to determine their overall effectiveness and responsiveness to U.S. industry, U.S. government policy priorities and emerging market needs.

Moreover, the success generated by this targeted approach directly supports a critical, urgent imperative: supporting American jobs. The Agency continues to provide opportunities for U.S. businesses—from increasing export opportunities for U.S. companies of all sizes, to Federal Acquisition Regulation (FAR) contract actions in support of small- and medium-sized enterprises. In FY 2014 alone, the Agency identified \$5.8 billion of new exports generated from USTDA-funded activities, which have helped support approximately 32,000 jobs in the United States.¹ As the U.S. economy continues its path to recovery, USTDA is delivering tangible, measurable results to the U.S. government's job-creation efforts. An increased investment in USTDA means an increased return in U.S. exports and export-supported jobs.

Finally, USTDA makes strategic investments that help develop emerging markets into strong, viable trading partners for the United States. USTDA's robust relationships with U.S. government and multilateral financiers also position the Agency to unlock capital for sustainable infrastructure development projects that offer the best potential for U.S. industry participation. The result is a

¹ Martin Johnson and Chris Rasmussen, "Jobs Supported by Exports 2013: An Update," Office of Trade and Economic Analysis, International Trade Administration, Department of Commerce, February 24, 2014, available at: http://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_005313.pdf.

win-win scenario in which U.S. companies build relationships and make sales to new markets, while developing and middle-income countries commit to development projects that foster economic growth.

In order to build upon USTDA's track record of supporting U.S. jobs and fostering economic growth in its partner countries, the Administration respectfully requests a budget of \$73.7 million for FY 2016. USTDA's FY 2016 budget provides an opportunity to utilize taxpayer dollars for programs that are proven to help U.S. companies identify and pursue export opportunities—in sectors where U.S. companies are global leaders and can benefit from exporting their goods to the world's fastest-growing markets. This budget would lead to an estimated \$5.6 billion in U.S. exports² for U.S. companies, which would support approximately 31,304³ jobs across the country.

“In my experience, USTDA is one of the most successful trade development and facilitation programs in the U.S. They think long term; they're pragmatic; they get results.”

Karyn Page
President/CEO, Kansas Global Trade Services

USTDA's Mission

USTDA was created 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.”⁴ USTDA's dual Congressional mandate is unique among federal agencies in requiring that the Agency both (a) provide foreign assistance for trade and economic development and (b) help to put Americans to work in the jobs that result from exports. In the Agency's history of linking U.S. businesses to export opportunities, USTDA has generated over \$51.7 billion in U.S. exports⁵ and has emerged as a leading U.S. government agency for early project development and planning activities in emerging economies.

The Agency accomplishes its mission by providing grants to overseas sponsors of priority infrastructure development activities in their countries. The funding may be used to perform a feasibility study, launch a pilot project or provide technical assistance specifically tailored to the

² Projection based on current export multiplier of \$76.5 for every dollar programmed.

³ Johnson and Rasmussen, “Jobs Supported by Exports 2013: An Update.”

⁴ 22 U.S.C. § 2421(a).

⁵ This historic cumulative export total includes data collected by the Agency's predecessor organization, prior to USTDA's formation as an independent agency in 1992.

grantee's needs. These early-stage project planning activities often include in-depth technical, economic and financial analyses, which can help projects secure financing and reach implementation.

USTDA also connects foreign project sponsors with U.S. businesses by hosting conferences, workshops and reverse trade missions. The Agency's reverse trade missions are crafted to bring overseas project sponsors to the United States to introduce them to the design, manufacture and operation of U.S. goods and services as they are planning priority infrastructure projects. In FY 2014, USTDA's reverse trade mission program offered more than 820 businesses the opportunity to meet with foreign decision-makers during 26 events in 51 U.S. cities.

These activities produce results for both U.S. industry and USTDA's partners in emerging markets: U.S. companies are provided access to the leading infrastructure project sponsors around the world, while foreign partners gain insight into the latest, most appropriate U.S. technologies and services to help them develop sustainable infrastructure. This infrastructure—including clean energy, transportation and telecommunications—fosters economic growth and facilitates local, regional and global trade. As a result, the Agency is able to provide targeted foreign assistance, support U.S. trade and economic development priorities, and promote U.S. job creation.

USTDA's Strategic Partnerships

As a growing number of U.S. companies are exploring sales opportunities abroad, USTDA is coordinating closely with state and local organizations to support these firms' efforts to export. The Agency has formed strategic partnerships with over 35 export promotion organizations across the United States under its *Making Global Local* initiative.

Through this program, the Agency has gathered market intelligence on key industry clusters, state-of-the-art manufacturers and innovative service providers—the majority of which are small and medium-sized enterprises—from its strong network of partner organizations. *Making Global Local* has also enabled USTDA and its partners to effectively cooperate on Governor- and Mayor-led trade missions, industry-focused roundtables and USTDA-hosted reverse trade missions. In fact, during FY 2014, more than ninety percent of USTDA's reverse trade missions visited cities and towns where the Agency has *Making Global Local* partners, providing ample opportunities for USTDA and its partners to collaborate closely.

USTDA's Partner Organizations		
California Chamber of Commerce	Mayor's Office of International Trade and Development (Houston, TX)	Maryland Small Business Development Center
Colorado Office of Economic Development and International Trade	Minnesota Trade Office	Los Angeles Regional Export Council
County of Riverside — Office of Foreign Trade	Mississippi Development Authority International Trade Office	Vermont Economic Development Authority
Denver Sister Cities International	Missouri International Trade and Investment Office	World Trade Center Atlanta
Duquesne University Small Business Development Center	North Dakota Trade Office	World Trade Center of Greater Philadelphia
Erie County Industrial Development Agency (New York)	Ohio Development Services Agency	World Trade Center of New Orleans
Export Finance Assistance Center of Washington	Pennsylvania Department of Community and Economic Development, Office of International Business Development	World Trade Center of San Diego
Florida Export Finance Corporation	Pennsylvania Small Business Development Centers	World Trade Center Savannah
Greater Houston Partnership	Port of Virginia	World Trade Center St. Louis
Illinois Chamber of Commerce	State of New Jersey Business Action Center	Kansas Global Trade Services
Invest Atlanta	Tampa Bay International Business Council	Los Angeles County Economic Development Corporation
Virginia Small Business Development Center	Utah Governor's Office of Economic Development	Massachusetts Office of International Trade and Investment

USTDA's Support of Small U.S. Businesses

From showcasing the unique technologies and specialized services that U.S. companies offer through Agency-sponsored reverse trade missions, to funding activities that connect technical experts with foreign project sponsors during the critical early stages of a project's definition, USTDA positions small- and medium-sized U.S. businesses to succeed in the global marketplace.

USTDA continues to rely on small businesses to provide technical guidance and recommendations that inform the Agency's funding decisions. USTDA draws extensively on the expertise of small- and medium-sized consulting and engineering firms to provide independent technical and financial analysis during the development of the Agency's projects. In FY 2014, over 60% of the Agency's contract actions were awarded to small businesses.

Introducing U.S. Companies to African Leaders

In advance of the first U.S.-Africa Leaders Summit, USTDA hosted reverse trade missions to Chicago, IL and Houston, TX for ministers from eight of Africa's fastest-growing economies. The leaders discussed their plans to modernize and expand their transportation and energy infrastructure with representatives from U.S. companies of all sizes. Working with its *Making Global Local* partners—the Illinois Chamber of Commerce, Greater Houston Partnership and Mayor's Office of International Trade and Development in Houston—USTDA was able to ensure wide participation from the local business and diaspora communities. The visits provided U.S. companies the ability to highlight potential U.S. solutions to Africa's infrastructure development challenges.

For example, Duratel LLC, a small Illinois-based manufacturer of composite utility poles, established important connections with key African decision-makers. The company remains engaged with USTDA to explore additional ways that the Agency can aid its efforts to expand its business to sub-Saharan Africa and other emerging markets.

Significant Program Achievements in FY 2014

In FY 2014, USTDA continued to expand opportunities for U.S. businesses to export their goods and services to emerging markets—in support of jobs at home—by forging strategic relationships between the private and public sectors in the United States and its partner countries. The Agency continues to prioritize its funding for activities with a strong probability of effectiveness. This allows U.S. companies to build relationships and make sales to new markets, while developing and middle-income countries achieve their economic development goals. As a result of this targeted approach, in FY 2014 alone, the Agency identified \$5.8 billion of new exports generated from USTDA-funded activities, which have helped support approximately 32,000 jobs in the United States.⁶ The following activities demonstrate the benefits of USTDA's unique brand of cooperation.

Planning Projects to Power Africa

During the U.S.-Africa Business Forum, Vice President Biden highlighted USTDA's long commitment to linking U.S. businesses to projects that foster sustainable economic growth in sub-Saharan Africa. As he noted, USTDA has funded over 100 projects since 2009 that are collectively expected to generate more than \$1 billion in U.S. exports while building sustainable infrastructure across Africa.⁷

USTDA has become an integral partner in Power Africa, a U.S. government-led initiative to increase electricity access across sub-Saharan Africa. The Agency's strong presence in Africa's energy market, as well as its ability to draw upon the expertise of U.S. industry and to catalyze private investment, has contributed to Power Africa's early success.

USTDA is helping to mitigate one of the challenges faced by its Power Africa partners: the lack of sufficient funding for vital project preparation activities. According to the International Energy Administration, sub-Saharan Africa requires over \$300 billion in investment in order to achieve universal electricity access by 2030. This means that, by some estimates,⁸ more than \$30 billion in preparation work alone will be required to develop energy projects that can help Africans reach universal electricity access in less than two decades. USTDA is helping to address this challenge

⁶ Johnson and Rasmussen, "Jobs Supported by Exports 2013: An Update."

⁷ Vice President Biden's Remarks at U.S.-Africa Business Forum, August 5, 2014, available at: <http://www.c-span.org/video/?320868-5/usafrica-business-forum-vice-president-joe-biden-remarks>.

⁸ During an event for the U.S.-Africa Leaders Summit, Dr. Ngozi Okonjo-Iweala, Nigeria's Minister of Finance and a globally renowned economist, remarked that her country has not been able to leverage resources for feasibility studies, which she estimated represent about ten percent of project costs.

by funding feasibility studies and other planning activities that move projects closer to bankability, and by unlocking the resources of both public and private financiers.

Another area of focus for USTDA and its Power Africa partners is the need to improve the delivery and distribution of installed power, in addition to generating new power. As USTDA has long recognized the importance of improving electricity transmission and distribution, the Agency has been working to introduce its African partners to “smart grid” solutions, which can reduce technical power losses and increase service reliability.

To demonstrate the effectiveness of U.S. smart grid technologies, USTDA sponsored a reverse trade mission to bring decision-makers from Nigeria’s recently privatized distribution companies to the United States. The delegates had indicated that they intended to invest \$800 million to reduce electricity losses on their grids. The goal of the reverse trade mission was to ensure that they had access to U.S. technologies. As a direct result of the visit, four Nigerian utilities began commercial negotiations with U.S. companies to supply advanced distribution equipment, with several million dollars in U.S. exports now in process. To continue this success, USTDA is sponsoring follow-on activities to help three of the distribution companies develop comprehensive network modernization plans, which are expected to lead to additional sales for U.S. firms.

Taking Action on Climate Change

The Administration’s Climate Action Plan details the U.S. government’s intent to lead international efforts in reducing greenhouse gas emissions and addressing global climate change. To meet the growing worldwide need for energy that supports economic growth and fuels global markets in a climate-constrained world, the Plan promotes expanding clean energy use and cutting energy waste. In line with this Plan, the Administration has been working with its international partners on several multilateral and bilateral agreements, including an historic one with China that was announced during the Asia-Pacific Economic Cooperation (APEC) 2014 Leaders’ Meeting in Beijing.

USTDA has partnered with China on over 50 environment and climate change projects since 2001. This year alone, USTDA initiated several new activities to introduce U.S. technologies that can help lower emissions and improve energy efficiency in China. For example, the Agency signed three grant agreements during a July 2014 meeting of the U.S.-China Climate Change Working Group, which aims to reduce greenhouse gas emissions from the world’s two largest polluters. These included activities focused on hydro fluorocarbons (HFCs) reduction—which was identified as a priority action item by Presidents Obama and Xi at their Sunnylands meeting in 2013—as well as the deployment of energy efficiency technologies at data centers and the reduction of emissions at cement plants.

These are just a few activities from a single country. USTDA is sponsoring similar activities in emerging markets around the world. For example, the Agency is funding a new activity to analyze how advanced air traffic management technologies and practices can lower aviation emissions in Southeast Asia. Partnering with civil aviation authorities in Vietnam and the Philippines, this project will introduce U.S. technologies that can reduce fuel consumption and improve the efficiency of flight paths. The results of this project will be shared with all APEC member economies and could be expanded across the broader Asia-Pacific region.

Leveling the Playing Field for U.S. Industry in Overseas Procurements

In response to the needs of its partners from U.S. industry and from emerging economies, USTDA launched the *Global Procurement Initiative: Understanding Best Value (GPI)* to educate public procurement officials in emerging markets about how to establish procurement practices and policies that integrate life-cycle cost analysis and best-value determination in a fair, transparent manner. Adopting these practices and standards will improve those governments' capacity to make informed decisions that take into account all relevant costs of goods and services over their entire life cycle. This will lead to smarter, longer-term investments with higher rates of return and overall savings to governments in developing and middle-income countries.

Moreover, the GPI will level the playing field for U.S. firms competing in international tenders. In a letter to President Obama in September 2013, the private sector members of the President's Export Council (PEC) commended USTDA for its leadership in developing the GPI and encouraged the Administration to fully support its implementation.

In order to ensure the GPI's success, USTDA has developed customized activities in partnership with globally recognized public procurement advisors from George Washington University's Government Procurement Law Program. The Agency is also collaborating with all of the major multilateral development banks in order to coordinate efforts to develop sound value-based procurement practices in emerging markets.

USTDA worked with all of its GPI collaborators to develop its first country partnership with the Republic of Botswana, which is focused on revising its procurement practices after experiencing significant acquisition challenges. The Agency designed a three-part program that is assisting public procurement officials from Botswana to incorporate value-based methodologies into tenders specifically targeting near-term energy and water procurements. USTDA is implementing a similarly structured program in order to help the Government of Vietnam enact its newly revised law focused on achieving greater value for money in public procurements.

The GPI is increasingly recognized as a valuable vehicle for maximizing development outcomes in host countries while simultaneously increasing business opportunities for U.S. firms. As the PEC's industry members highlighted, the GPI represents a unique opportunity for the U.S. government to

bring enduring value to international procurements and, subsequently, to increase opportunities for U.S. businesses.

“The [President’s Export Council] will work closely with USTDA and the U.S. business community to develop targeted activities under this [Global Procurement] Initiative. We recommend that the Administration highlight the importance of this Initiative among [Trade Promotion Coordinating Committee] agencies and U.S. Embassies. Given the global scope of this Initiative and the need for sustained engagement with foreign counterparts in order to achieve results, **we also recommend that the Administration direct additional resources to implement this Initiative.**”

Jim McNerney
President’s Export Council Chair

Letter to President Obama on Sept 19, 2013

Priority Markets

USTDA employs an evidence-driven approach to prioritize funding for activities in markets and sectors that have strong opportunities for U.S. exports, where U.S. industry expertise can meet the development needs of its partner countries. While the data collected by the Agency's Program Evaluations Office is used to inform each programming decision the Agency makes, USTDA also employs a comprehensive process to determine which markets and sectors should be prioritized for funding. Before each new fiscal year, the Agency develops a strategic plan that identifies the priority countries and key infrastructure sectors that are most likely to support increased U.S. exports and development abroad. USTDA believes that the rigor of this process has played an important role in its current ability to generate more U.S. exports per program dollar than at any other time in the Agency's history.

USTDA targets its investments in areas where U.S. companies have the most to offer USTDA's partner countries and the most to gain from exporting to these markets. By concentrating its resources on a limited number of countries—and by strengthening its ties with the public and private sectors in those countries—USTDA invests in activities that are expected to generate the greatest opportunities for U.S. companies. The result has been an increase in demand from the U.S. private sector and host countries, and a concomitant increase in USTDA's export multiplier.

In FY 2016, USTDA will target 20 key markets that offer a strong probability of U.S. exports as well as developmental benefits. USTDA has maintained a presence in its 16 of these markets over the last five years, which has helped the Agency build relationships that enable it to catalyze multiple resources and help ensure projects reach implementation.

During its strategic planning process, USTDA decided to place Jordan back on its list of priority markets after its data collection efforts identified a number of positive results from prior USTDA assistance in the energy, health and water sectors. Because of these results, as well as increased U.S. company interest in pursuing opportunities in Jordan, the Agency will focus its programming in sectors where U.S. expertise can support the country's development goals. USTDA employed a similar approach when selecting Burma, where it engaged in selective programming for a year in order to position U.S. companies to enter the market quickly and help the country develop its

A priority market offers strong probability of project success, growth potential for U.S. exports and robust developmental benefits.

In FY 2014, USTDA invested almost 80 percent of its program obligations in priority markets. USTDA responds to both expressed U.S. industry interest and host country priorities in multiple sectors within these markets.

infrastructure. Based on the evidence collected during that targeted programming period, Agency staff decided that, given ongoing interest on the part of U.S. industry and increased investment from multiple sources, Burma should be designated as an official priority country. The same classification was given to Ethiopia and Tanzania, which both received significant attention after being designated as Power Africa focus countries. As a result of increased U.S. industry interest, the U.S. government opened its first Foreign Commercial Offices in Ethiopia and Tanzania in 2014. Additionally, USTDA staff will visit Ethiopia and Tanzania in early 2015 to determine whether the countries are good candidates for programming under the Agency's *Global Procurement Initiative*—in support of the Administration's Power Africa objectives.

An investment by USTDA in priority countries is an investment in job creation and economic growth, particularly as all of these markets continue to demonstrate strong opportunities for U.S. businesses. The International Monetary Fund's (IMF) World Economic Outlook currently projects global growth to be 3.4 percent in 2016. In contrast, as seen in the table below, based on the IMF's projections for that same period, USTDA's priority countries are expected to grow by 5.4 percent in 2016.⁹ That growth rate is more than two times larger than the forecasted 2.4 percent growth for the world's advanced economies.¹⁰ Consistent with the IMF global growth rates, USTDA's program has helped to generate nearly \$26 billion in U.S. exports to date in these priority markets,¹¹ and the Agency's evaluation data indicates that exports will continue to grow.

As it has done since implementing this strategy, USTDA will continue to invest the vast majority of its program funds in its priority markets. However, the Agency recognizes that there are additional emerging economies that offer significant growth opportunities for U.S. industry. USTDA will continue to monitor demand from U.S. companies looking to increase their exports abroad and respond to the needs of host country project sponsors. As always, the Agency will prioritize projects where its support could tip the scale in favor of a U.S. firm facing foreign competition or help a critical development project reach final implementation.

⁹ International Monetary Fund's World Economic Outlook Database, April 2014.

¹⁰ Ibid.

¹¹ This figure is based upon data collected by the Agency's Program Evaluations Office. For more information about USTDA's evaluations program, please see the "Measuring Our Investment" section beginning on page 25 or Appendix 5: Data Validation & Verification Approaches.

GDP Growth Projections in USTDA's Priority Countries¹²

GDP Growth	2015 Forecast	2016 Forecast	2017 Forecast	Average 2014- 2019
World	3.35	3.42	3.41	3.32
Advanced Economies	2.35	2.38	2.37	2.28
United States	2.95	3.03	2.91	2.75
Priority Countries	5.21	5.41	5.37	5.23
Brazil	2.65	3.00	3.15	2.91
Burma	7.80	7.80	7.80	7.78
China	7.28	6.97	6.76	6.95
Colombia	4.47	4.52	4.50	4.50
Dominican Republic	4.10	4.10	4.00	4.11
Egypt ¹³	4.09	4.08	3.96	3.74
Ethiopia	7.48	7.01	7.02	7.08
Ghana	5.39	8.12	7.46	6.05
India	6.35	6.48	6.65	6.40
Indonesia	5.80	6.00	6.00	5.86
Jordan	4.00	4.50	4.50	4.25
Mexico	3.49	3.75	3.75	3.58
Nigeria	7.02	6.86	6.90	6.86
Panama	6.90	6.41	6.20	6.40
Philippines	6.51	6.21	6.01	6.21
Romania	2.49	2.89	3.36	3.00
South Africa	2.66	3.16	3.04	2.88
Tanzania	7.00	7.11	6.97	7.00
Turkey	3.06	3.47	3.49	3.21
Vietnam	5.70	5.80	5.90	5.83

¹² Ibid.

¹³ USTDA operates within guidance from the Department of State on ongoing and prospective program activities in Egypt. As the situation there continues to evolve, USTDA will continue to assess the demand for involvement and the efficacy of maintaining its programs in the country.

China and India

China and India continue to receive considerable attention from the U.S. business community because they offer tremendous export opportunities. Although the growth momentum has slowed somewhat in these markets, China is expected to demonstrate nearly 7 percent real GDP growth in 2016, while India's projected growth is above 6.4 percent.¹⁴ These figures are nearly twice the projected global GDP growth.

These markets will have the need and resources to acquire a substantial amount of goods and services over the next several years, much of which will be imported. For U.S. companies to be competitive and successful in China and India, it is essential that procurement and project development officials—both public and private—in those countries are provided meaningful access to, and experience with, U.S. goods and services.

China will remain a key market for USTDA to promote public-private partnerships and strategic trade policy initiatives. Infrastructure planning activities in core sectors such as energy and transportation will comprise a majority of the portfolio in FY 2016. USTDA will continue to invest in China for several key reasons: 1) a sustained high level of success in terms of exports; 2) overwhelming support from the U.S. business community for continued and expanded USTDA programming in China, amid stiff international and local competition; and 3) parallel support from U.S. trade agencies—including the U.S. Trade Representative and the Departments of State, Treasury, Energy and Commerce—which have acknowledged USTDA's ability to rapidly mobilize activities to support U.S. trade policy priorities.

As a part of USTDA's strategy to open India's market to greater U.S. exports, the Agency sponsors innovative public-private partnerships that provide platforms for U.S. industry to work with key stakeholders to develop sustainable energy and aviation infrastructure in India. In fact, USTDA has supported India's efforts to develop its infrastructure for over three decades, which has led to more than \$2 billion in U.S. exports to date. Given the increased focus on infrastructure development by India's newly elected Prime Minister, Narendra Modi, USTDA is uniquely positioned to support priority energy, aviation and telecommunications projects in India.

¹⁴ Ibid.

Sub-Saharan Africa

Sub-Saharan Africa is receiving significant interest from the U.S. private sector, as Ethiopia, Ghana, Nigeria and Tanzania are all projected to grow at an average rate above 6 percent between 2014 and 2019. The U.S. government's Power Africa initiative, which aims to increase electricity access across the region, represents enormous opportunities for U.S. industry and has generated tremendous demand for USTDA's program.

Ethiopia experienced 9.7% GDP growth in 2013, which was the tenth consecutive year of robust expansion. Ethiopia is also an important aviation hub with the continued expansion of Ethiopian Airlines, Africa's fastest growing and most profitable airline.

Ghana has recently experienced strong economic growth, political stability and increased engagement with U.S. government initiatives in Africa. USTDA's continued presence in Ghana's energy and transportation sectors will help foster relationships between key Ghanaian public and private sector stakeholders and U.S. companies with sector-specific technologies and expertise.

Nigeria has the largest population in Africa and recently became the continent's largest economy. Given that Nigeria has a growing private sector and has demonstrated its commitment to liberalize its major infrastructure sectors—particularly energy—it remains a very attractive market for U.S. firms and for USTDA.

South Africa, which is the continent's most advanced, broad-based and productive economy, is the destination of choice for U.S. businesses looking to export to sub-Saharan Africa. Demand for electricity generation, as well as strong incentive to diversify the country's energy mix, presents significant business opportunities for U.S. companies in South Africa. The country's transportation sector also presents tremendous opportunities for U.S. businesses, as South Africa is planning large-scale investments in rail and aviation.

Connecting U.S. Companies to Nigerian Distribution Utilities

To demonstrate the effectiveness of U.S. smart grid technologies, USTDA sponsored a reverse trade mission to bring decision-makers from Nigeria's recently privatized distribution companies to the United States. The delegates had indicated that they intended to invest \$800 million to reduce electricity losses on their grids. The goal of the reverse trade mission was to ensure that they had access to U.S. technologies. As a direct result of the visit, four Nigerian utilities began commercial negotiations with U.S. companies to supply advanced distribution equipment, with several million dollars in U.S. exports now in process. To continue this success, USTDA is sponsoring follow-on activities to help three of the distribution companies develop comprehensive network modernization plans, which are expected to lead to additional sales for U.S. firms.

Tanzania is projected to grow at seven percent through 2016, driven by the transport, communications, manufacturing and agriculture sectors. The country's strong growth is also supported by the expansion of public investment in infrastructure as well as private investment in recently discovered natural gas reserves. In fact, Tanzania was a key participant in the USTDA-sponsored African Leaders Visit to Houston, TX, because the country is currently assessing options for utilizing its gas resources and building critical supporting infrastructure. Additionally, Tanzania has two Power Africa Transaction Advisors supporting policy reforms and private sector transactions aimed at increasing power generation and access to electricity.

Latin America and the Caribbean

In FY 2016, USTDA's program in Brazil, Colombia, Dominican Republic, Mexico and Panama will focus on modernizing regional transportation linkages, supporting clean energy and modern environmental technologies, and promoting the growth of telecommunications infrastructure. USTDA will also support the Administration's inclusive, whole-of-government approach to implementing the U.S. Strategy for Engagement in Central America.

USTDA is focused on connecting U.S. companies to the growing business opportunities in Brazil, where significant investments are being made to accommodate the substantial increase in air traffic expected for the upcoming Olympic Games. In FY 2014, the U.S.-Brazil Aviation Partnership (AP) completed a series of eight workshops to address diverse elements of Brazil's rapid aviation growth. The AP's first phase of programming has provided training to more than 530 Brazilian participants from the country's federal and state governments as well as the private sector. It has also provided networking opportunities with over 150 U.S. public and private sector representatives—and nearly ten U.S. companies have reported new commercial opportunities as a result of AP activities.

USTDA activities have generated exports in Colombia's refineries, ports, aviation and telecommunications sectors. In February 2014, USTDA hosted a Smart Grid Workshop in Bogotá that helped position U.S. companies looking to enter Colombia's electricity transmission and distribution sector. The Agency's Colombian partners have also expressed interest in cooperating on activities related to energy efficiency and intelligent transportation systems.

The Dominican Republic remains a promising market for U.S. products, as nearly 45 percent of Dominican imports are of U.S. origin. USTDA has historically enjoyed a good track record of U.S. export success in the Dominican Republic and sees strong project opportunities, particularly in the country's energy sector. As a result, USTDA recently awarded grants to three electricity sector entities in support of their efforts to deploy clean energy solutions in the Dominican Republic.

These projects will help meet the country's energy demands in an environmentally responsible way.

USTDA is focusing its activities in Mexico on connecting U.S. companies to the significant commercial opportunities that will result from the Government of Mexico's plans to invest hundreds of billions of dollars to improve and modernize the country's infrastructure over the next five years. In order to support Mexico's ambitious reform efforts and position U.S. firms for success implementing critical infrastructure projects, USTDA published a resource guide to provide U.S. industry with details on Mexico's infrastructure sectors and specific development plans through 2018. As a result of these emerging opportunities, USTDA expects to significantly increase its investment in Mexico in FYs 2015 and 2016, focusing on projects in the transportation, energy, telecommunications, water and environment sectors.

Strategically located at the crossroads between North and South America, Panama is a nation with strong economic growth and significant U.S. export opportunities, particularly in the transportation and energy sectors. A recent U.S. free trade agreement partner, the U.S. trade surplus with Panama surged to \$10.1 billion in 2013, an increase of 8.8% over the previous year. In FY 2016, USTDA will focus its program on maritime transportation and logistics projects with the Panama Canal Authority, which is undertaking a multi-billion dollar canal expansion project. In addition to the Canal, USTDA will seek to develop relationships with key project sponsors in the natural gas, smart grid and renewable energy sectors.

Southeast Asia

USTDA remains engaged in the Asia-Pacific region in order to connect U.S. companies to the incredible opportunities in some of the world's fastest-growing economies, and in recognition of the region's strategic importance to the United States and its allies. To best target USTDA's program to advance sustainable economic development, the Agency will continue to prioritize efforts in Burma, Indonesia, the Philippines and Vietnam. USTDA will also continue to focus its work in the energy, transportation and telecommunications sectors, based on U.S. private sector interests, U.S. foreign policy priorities and regional economic development needs.

USTDA has acted quickly to open the door for U.S. companies in Burma, which first opened for Agency programming in 2013. Closed for decades to U.S. development assistance and business engagement due to international economic sanctions, Burma requires significant financial and technical assistance in order to develop its antiquated infrastructure. In response, the Agency hosted the first U.S. government-funded, commercially-focused trip to the United States for public and private Burmese delegates, who are making plans to construct a new international airport in Hanthawaddy and to expand aircraft fleets. This reverse trade mission took delegates from Burma's Department of Civil Aviation and commercial airlines to three cities and exposed them to U.S. goods, services and technologies that can assist them in enhancing the country's aviation

infrastructure. USTDA also hosted a similar trip for Burmese officials who are developing plans to modernize the country's natural gas sector.

Indonesia is the largest economy in Southeast Asia. In spite of economic and political challenges, Indonesia has seen an average annual GDP growth rate—which has been buoyed by strong domestic consumption—of around 6% since 2006. USTDA is seeing resurgence in demand for projects in areas that the Agency has a history of export success, such as rail, telecommunications, power generation and air traffic management. The most significant driver for USTDA's programming in Indonesia is strong U.S. company demand and the need for U.S. government support in this challenging, competitive environment.

Similar to Indonesia, USTDA's project pipeline in Vietnam is largely driven by U.S. companies that see significant opportunities in Vietnam's growing private sector, dynamic energy portfolio and steady export trends. In spite of its relatively small economy, exports of U.S. goods to Vietnam are strong. USTDA's proposed project pipeline is primarily focused on developing wind power and providing technical assistance in aviation.

USTDA has engaged the Philippines on a broad cross-section of activities on a multilateral level. Plans for major improvements to the country's transportation infrastructure, as well as the provision of reliable, affordable energy services, represent significant opportunities for U.S. industry. USTDA is addressing these opportunities by building on prior activities in the sectors of civil aviation and energy.

Middle East, North Africa, Europe and Eurasia

USTDA remains committed to supporting economic development in the Middle East, as it occupies a central place in U.S. foreign policy. The Agency will continue to focus on the energy sector due to U.S. leadership in the field and remarkable demand from its partner countries. Modernizing the power sector by increasing renewable energy generation capacity and upgrading transmission and distribution networks to create smarter grids is a critical priority for the public and private sectors throughout the region.

Promoting Best Value Procurement Practices in Vietnam

Under its *Global Procurement Initiative (GPI)*, USTDA is helping the Government of Vietnam enact its newly revised law focused on achieving greater value for money in public procurements. The Agency is providing training and technical assistance to promote strategic, long-term infrastructure investments—thereby increasing international competition and facilitating improved development outcomes. In August 2014, USTDA and its GPI partners provided training to 175 Vietnamese public procurement officials in three cities. And in March 2015, a high-level Vietnamese delegation will visit the United States for a follow-on orientation visit.

USTDA has previously had a robust program in Egypt's transportation, energy and petrochemicals sectors. Past Agency-sponsored activities have led to hundreds of millions of dollars in U.S. exports of goods, services and technologies, and USTDA will continue to strategically pursue activities that are expected to lead to similar results. Recent turmoil notwithstanding, Egypt's large economy, increasing energy needs and strategic location should ensure that growth in key sectors such as energy and transportation will continue, particularly with private sector partners. Nevertheless, in FY 2016, USTDA will closely coordinate with the National Security Council, State Department and other U.S. government partners to determine appropriate USTDA engagement.

USTDA recognizes that Jordan is an increasingly important and strategic U.S. ally in the Middle East. USTDA recently identified a number of positive results from prior USTDA assistance in the energy, health and water sectors. USTDA seeks to build on these past successes—and respond to increased U.S. company interest in pursuing opportunities in Jordan—by focusing its programming on critical energy, healthcare/ICT and transportation activities in the country.

Romania holds significant promise for U.S. businesses as its economy develops and as U.S. industry interest continues to grow. Past USTDA projects, which focused on the energy and telecommunications sectors, have resulted in substantial U.S. export success. U.S. firms have recently expressed interest in regional energy interconnections, the privatization of the electric power sector and e-government projects.

The complex mix of modern industry and commerce in Turkey, which is strategically positioned at the crossroads of Europe, Asia and the Middle East, continues to attract a diverse set of U.S. companies to emerging opportunities in the country. The Turkish Government has instituted an aggressive development plan to be achieved by 2023, the 100th anniversary of the Republic's founding, with more than \$120 billion in spending targeted for transportation and energy. The plan includes expanding the country's transportation networks in rail, highways and ports, and enhancing renewable energy generation capacity, all sectors in which U.S. industry is highly competitive. USTDA will also continue to support Turkey's ambitious civil aviation project goals, such as the Third Istanbul Airport, a project with multi-billion dollar U.S. export potential.

Priority Sectors

USTDA invested 83 percent of its program funding in three priority industry sectors in FY 2014, and expects significant exports because of this targeted approach. USTDA's sector teams continued to analyze the demand from the U.S. business community for USTDA assistance in specific countries and sectors, as well as the U.S. private sector's competitiveness in certain industries and associated future trends. As a result of this rigorous review, the Agency decided to continue to prioritize the **energy**, **transportation** and **telecommunications** sectors in FY 2016.

USTDA's *priority sectors* were chosen because of:

- their ability to generate U.S. exports, supporting high-paying U.S. jobs;
- their developmental benefits to the host country;
- the demand from developing and middle-income countries; and
- U.S. private sector expertise and competitiveness

Energy

In support of the President's Climate Action Plan, USTDA will continue to foster export-producing activities in its partner countries that promote the use of cleaner, more efficient technologies and expand energy generation from renewable sources.

The continued drive to develop low-emissions energy creates opportunities in overseas markets for U.S. firms with cutting-edge renewable energy technologies. In 2013, energy from renewables—primarily wind, solar and hydroelectric power—comprised more than half of total net additions to global electric generating capacity.¹⁵ While the renewable energy market is constantly changing, especially with continued consolidations in the solar and wind industries, it remains an important sector for the U.S. economy. And research indicates that USTDA's priority markets will continue to offer good opportunities for exports of U.S. renewable energy technologies and services.

As USTDA's partner countries develop their renewable energy capabilities, they are concurrently seeking a diversified portfolio of solutions to meet their growing energy demands. Several of USTDA's partner countries have sought the Agency's support for priority gas-fired power (GFP)

¹⁵ Renewable Energy Policy Network for the 21st Century, *2014 Global Status Report*.

infrastructure development and modernization efforts. This demand is fueled by the increasing availability of gas, including U.S. exports of liquefied natural gas (LNG). As a result, USTDA's partners are requesting the Agency's assistance in developing critical LNG infrastructure.

As developing cleaner energy resources is an area of U.S. industry expertise and competitiveness, the Agency is using its various tools to promote the use of advanced U.S. technologies and best practices related to GFP generation, unconventional gas and LNG receiving terminals. For example, USTDA is helping a private developer in Indonesia design a LNG terminal that will supply industrial off-takers seeking a more efficient, affordable source of energy.

USTDA's investments are also promoting lower-carbon growth and increasing energy access by helping to improve electricity transmission and distribution around the world. The Agency has formed strategic partnerships to introduce innovative "smart grid" technologies and solutions in China, India, Nigeria and several other markets. Compared to traditional electricity generation investments, smart grid investments can result in savings that put less demand on utilities for the supply of new power generation.

Equally important, smart grid investments can also help utilities improve their ability to receive power from renewable energy sources. USTDA's leadership in this subsector was recognized when its Director was named a 2013 Smart Grid Pioneer by *Smart Grid Today*, a leading trade publication that delivers comprehensive daily reporting on emerging trends, applications and policies driving the modern utility industry.¹⁶

To take advantage of opportunities and to support the Administration's energy and climate change policies, USTDA's efforts in the energy sector in FY 2016 will continue to target the

Powering Development in Jordan

Jordan's 52.5-megawatt Shams Ma'an photovoltaic (PV) power plant will be the largest PV facility in the Middle East when it is completed in 2016. U.S.-headquartered First Solar Inc. co-developed the planned facility with Jordan's Kawar Group, which had previously partnered with USTDA to conduct a feasibility study into the viability of PV solar in the area. The facility, which will be engineered and constructed by the U.S. firm, First Solar, is an important component in Jordan's strategic diversification of its generation portfolio, which is intended to boost energy security. Upon completion, the facility will use First Solar's advanced thin film module technology to supply an estimated 160 million-kilowatt hours of electricity per year, which is equivalent to approximately one percent of Jordan's annual energy output.

¹⁶ *Smart Grid Today*, "Smart Grid Pioneers 2013: Interviews with 50 trailblazers making smart grid a reality," available at: <http://www.smartgridtoday.com/products/Smart-Grid-PIONEERS-2013.cfm>.

subsectors where there is significant overseas demand for U.S. expertise and a complementary range of U.S. suppliers interested in developing and middle-income markets.

Transportation

Transportation is both the pre-requisite to—and an opportunity for—increased exports. U.S. exports of transportation equipment have grown by 35 percent over the past three years, reaching \$258.2 billion in 2013.¹⁷ U.S. companies, who are global leaders in many transportation subsectors, are poised to continue this success by supporting the deployment of sustainable transportation systems in emerging markets. Based on a history of successful results and current market trends, USTDA will maintain a strong portfolio of transportation projects in FY 2016 to foster economic growth at home and abroad.

Aviation is a critical driver of economic growth both in the United States and abroad. Growing demand for commercial aviation, general aviation and air cargo services in China, India, Brazil and South Africa presents a strong opportunity for long-term commercial engagement. In each of these key markets, USTDA has worked with the U.S. Federal Aviation Administration (FAA) to establish a signature aviation initiative that has supported sales of U.S. goods and services while also improving overall aviation safety. The Agency also works with the U.S. Transportation Security Administration (TSA) to develop airport cargo and passenger security screening projects that offer opportunities to highlight U.S. capabilities in the design of high-tech security and baggage handling equipment.

There are additional transportation subsectors where U.S. companies are competitive and are seeking export opportunities in USTDA's partner countries, particularly in the areas of rail, intelligent transportation systems and ports projects. In light of the strength of U.S. industry and the significant infrastructure opportunities in key emerging economies, these subsectors will continue to be an important cornerstone of USTDA's investment profile in FY 2016.

¹⁷U.S. Census Bureau.

Helping Emerging Economies Achieve Category 1

USTDA supported the Philippines' efforts to obtain Category 1, the highest aviation safety rating from the U.S. Federal Aviation Administration (FAA). USTDA sponsored a reverse trade mission for aviation leaders, including officials from the Civil Aviation Authority of the Philippines (CAAP), who participated in the FAA's *2013 Asia-Pacific Flight Standards Meeting*. This reverse trade mission, as well as USTDA's continuing support of the CAAP, increased the Philippines' knowledge of aviation safety and, as a result, the country attained Category 1 status in April 2014. This will help establish direct flights between the Philippines and the United States—supporting not only commerce, but also bilateral relations, between the two countries.

The Agency had previously supported Azerbaijan's efforts to achieve a Category 1 rating. USTDA provided technical assistance that reviewed the State Civil Aviation Administration's operations and systems, and recommended improvements to safety regulations and processes. As a result, the FAA announced in March 2014 that Azerbaijan had achieved a Category 1 rating. To date, over \$1 billion in U.S. exports has been attributed to this USTDA-sponsored activity.

Telecommunications

Like transportation, telecommunications is a priority sector for USTDA because its infrastructure supports trade and broad-based economic development in emerging markets. Additionally, telecommunications infrastructure provides the foundation for information communications technology (ICT) applications.

Over the past two decades, investments in telecommunications infrastructure and ICT applications have seen tremendous growth, especially in developing and middle-income markets. Emerging markets accounted for over a quarter of global ICT demand in 2012 and are expected to increase to nearly one-half by 2020 as efforts are made to connect the remaining two-thirds of the world's population that is still without Internet access.¹⁸

In response to these challenges and opportunities, USTDA has helped its partner countries build their telecommunications infrastructure in support of sustainable development and international trade. The Agency's successful activities have spanned the sector—supporting everything from successful broadband and fiber optic cable deployments and wireless application development, to more specialized activities like e-government systems.

¹⁸ European Information Technology Observatory, September 2012.

USTDA has received increasing demand for assistance in the data accumulation and processing subsector due to the growing need to house and process data in emerging markets. Accordingly, USTDA has supported the development of data centers—including green data centers—in countries around the globe. And as electrical power costs of data centers typically exceed 30 percent of total expenditures, there is rising demand to upgrade existing infrastructure and incorporate energy efficient solutions into new installations. By marrying both ICT and energy solutions, green data centers can result in a higher yield of U.S. exports in the project implementation stage.

But, as global demand for data storage continues to rise, some emerging markets are shifting toward cloud computing as their data centers reach tangible capacity. This increased investment in cloud computing is driving changes in data center design and operation, including the interface requirements of hardware and software systems. In this way, many developing and middle-income countries are leapfrogging technologies that are currently in use in advanced economies in order to adopt the latest solutions. U.S. companies are well-positioned to provide equipment and services in this area, but face considerable international competition.

USTDA has also sponsored telecommunications activities in subsectors that are important to its domestic and overseas partners, including banking and finance IT solutions, emergency communications systems and ICT applications. In FY 2016, the Agency will continue to match the strength of U.S. industry with the telecommunications priorities of its partners in emerging economies.

As in prior years, USTDA will allocate the vast majority of its program funds to the three priority sectors identified above. However, the Agency recognizes that there are additional sectors that represent great U.S. export opportunities for which there is growing demand. USTDA will continue to maintain the flexibility to analyze and fund a limited number of opportunities that meet the Agency's funding criteria and have strong U.S. industry support.

Promoting Emergency Preparedness in Latin America

In response to natural disasters in Chile and Haiti, USTDA sponsored a series of reverse trade missions that introduced delegates from across Latin America and the Caribbean to U.S. earthquake monitoring technologies. The delegates met with U.S. emergency management officials, academic experts and industry representatives in four U.S. cities. Following the visits, officials from Chile, Costa Rica, Dominican Republic, Mexico and Peru upgraded their earthquake monitoring technologies—with the aid of U.S. partners—significantly improving the efficacy of post-disaster relief efforts.

Measuring Our Investment

USTDA has long recognized that an evidence-based approach will enable the Agency to efficiently allocate its budget for activities that provide the highest return on investment for U.S. taxpayers. USTDA evaluates its program tools on a continuous basis to determine its overall effectiveness and responsiveness to U.S. industry goals, U.S. government policy priorities and emerging market needs. USTDA continuously analyzes its past performance by country and sector, reviews its program successes as well as failures, and identifies the most effective tools to leverage funding. In addition to USTDA's historic results, the Agency also examines U.S. export growth and forecasted trends in its key markets. This comprehensive methodology allows the Agency to prioritize the number of markets and sectors in which it operates, targeting resources for activities with a strong probability of success. USTDA's ongoing use of evaluation and performance data informs each of its programming decisions, as well as its strategic planning process.

USTDA has been recognized for these efforts to improve program performance by developing methods to integrate stakeholder feedback and build internal decision-making capacity. The American Evaluation Association, an international association with nearly 8,000 members representing all 50 U.S. states and 60 foreign countries, selected a proposal from USTDA's Program Evaluations Office among 2,000 submissions to present at its annual conference in early FY 2015. Using examples from the Agency's work in electricity transmission and distribution, USTDA staff illustrated the Agency's efforts to enhance the use of evidence and to effectively communicate results to stakeholders in the smart grid sector.

Calculating U.S. Exports

USTDA measures results by monitoring project development once an activity is completed, and by investigating and documenting the linkage between specific activity interventions and final project outcomes. The Agency's performance data measures the U.S. content of a commercial sale resulting from a USTDA-funded activity. In order to make the best estimation of its impact on U.S. jobs, USTDA defines "U.S. content" as goods manufactured in the United States or services provided by U.S. citizens. The Agency obtains U.S. content data most commonly from its stakeholders or, in instances where information is limited or unavailable, works with them to estimate U.S. content value.

Evaluations stakeholders include:

- U.S. companies and suppliers
- Host country project sponsors
- Grantees
- Contractors
- Financiers (i.e. multilateral development agencies)
- USG agencies involved in project implementation (i.e. Ex-Im Bank, OPIC and Department of Commerce)

The U.S. exports identified must have a credible and significant linkage to the USTDA-funded project. Given the nature of USTDA's activity in early project planning and development, results are realized over the long-term. As such, a ten-year rolling average¹⁹ (TYRA) is the interval of time used to capture a meaningful, relevant representation of the U.S. export results of the Agency's programs. The export data is then used to measure USTDA's performance in the following ways:

- **Export Multiplier:** the amount of exports generated for every USTDA program dollar obligated—in general terms, it is the “export return on USTDA investment”;
- **Total Cumulative Exports:** the amount of exports associated with USTDA funding in any given time period; and
- **Small Business Impact:** the percentage of USTDA-funded activities that have been awarded to small businesses.

At the heart of USTDA's program evaluations strategy is the calculation of the export multiplier. The multiplier rate quantifies the amount of exports generated for every USTDA program dollar obligated. It is calculated by dividing the dollar value of U.S. exports USTDA identifies by the dollar value of USTDA's funding commitments. For the current TYRA period, USTDA has obligated \$322.3 million for foreign assistance projects, which has helped to generate \$24.6 billion in U.S. exports. Thus, for every \$1 dollar of USTDA program funding, \$76.5 in U.S. exports are generated—exceeding last year's multiplier rate of \$73 and the multiplier for two years ago of \$63. This return on investment demonstrates the Agency's ability to promote the strengths of the U.S. business community and exports of U.S.-manufactured goods or services that can meet the needs of developing and middle-income countries.

$$\text{Export Multiplier: } \frac{\$24.6 \text{ billion}}{\$322.3 \text{ million}} = \$76.5$$

Reviewing Program Efficacy

USTDA has maintained an external, third-party evaluation process since the Agency's inception. Currently, two outside evaluations contractors collect the data required for the quantitative analysis used to determine the Agency's performance. By having two companies undertake these

¹⁹ The TYRA currently consists of all USTDA activities completed between years 2002-2011.

services, the Agency is able to maintain a system that allows each company to independently—and separately—validate USTDA’s evaluation methodology and data, and provide recommendations about ways in which the process can be strengthened.

Guiding the Agency’s Strategic Planning

USTDA annually conducts an extensive review of its program with active participation from the Executive Team, program staff and the Program Evaluations Office. Regional and sector teams prepare strategic plans describing the results of and projections for their respective portfolios, including lessons learned based on performance results, as well as new ideas for the upcoming fiscal year—all of which is based upon the Program Evaluations Office’s historical performance data and forward-looking projections.

Cross-referencing external comparative information with USTDA’s internal evaluations data provides unique insight into the countries and industries where USTDA should focus its investments in the future. In sum, the Agency’s strategic planning process relies heavily upon data to develop USTDA’s performance plans, enhance program delivery, develop innovative new tools and improve the level of service to its clients and partners.

External Comparative Information

- Gross Domestic Product (GDP) per capita
- World Bank income rankings
- Country population comparisons
- International Monetary Fund’s (IMF) GDP growth projections
- Census-generated U.S. export data (compared to USTDA U.S. export data)
- Top five industry sectors for exports for each country as reported by USTDA results and Census data

Internal Comparative Information

- Export trends by year/ region/country and industry sector/subsector
- Comparison of USTDA obligations to export trends
- Export generation distribution by subsector
- USTDA program efficacy, by funded activity or tool, country/region and industry sector/subsector

Operating Expenses

USTDA is recognized as a lean, highly effective agency. However, in order to meet non-discretionary salary increases, benefits, rent and a targeted increase in staffing to 55 FTEs, USTDA requests an operating expense (OE) budget of \$14.8 million for FY 2016.

USTDA was ranked the Top Small/Independent Agency Performer Across All Indices in the Office of Personnel Management's *2014 Federal Employee Viewpoint Survey*. The Survey's indices measure employee engagement, overall job satisfaction, workplace inclusion and human capital management—all of which are critical to recruiting and retaining top talent. As this ranking indicates, the Agency promotes an environment that fosters innovation and efficiency, both in external engagement and internal operations.

As part of the Agency's ongoing efforts to become more efficient internally in order to be more responsive externally, USTDA has made several short- and long-term process improvements, as described below. These improvements are designed to increase efficiency and protect taxpayer funds from waste, fraud and abuse.

Open Data and Accessibility for U.S. Industry

In the normal course of its project development work, USTDA gathers a wealth of valuable business data through its extensive market research and diligence efforts. Recognizing that this information could greatly benefit U.S. companies looking to expand their businesses in overseas markets, USTDA plans to redesign its website to offer a new "market intelligence" webpage directed toward U.S. industry. This new webpage will be complemented by the Agency's ongoing effort to digitize its extensive library of reports obtained from USTDA-funded project planning activities. Moreover, it will showcase information about USTDA's ongoing project activities that U.S. companies can then utilize to position themselves for success when resulting international tenders are released.

Industry Outreach

USTDA is increasingly hosting sector-focused webinars and workshops, in collaboration with the Agency's *Making Global Local* partners, to provide a "how-to" for companies that are interested in working directly with the Agency. For example, when USTDA hosted its first-ever Trade Talk to engage U.S. companies interested in learning more about the Agency's activities in the smart grid sector, nearly 50 companies from across the United States joined the discussion via webinar.

Operating Expenses

USTDA will continue to leverage webinars as an efficient, no-cost means of engaging small- and medium-sized businesses, whose resource constraints often prevent them from spending time and money to attend events. Given the increasing interest in the Agency's program, USTDA is investing in new technological solutions to provide a better user experience for webinar and teleconference participants.

In FYs 2015 and 2016, USTDA will continue to expand the use of its online platforms to meet the demands of its customers. USTDA is already utilizing social media sites to disseminate useful business development information, such as Trade Leads, to the private sector. While the Agency actively utilizes Facebook and LinkedIn, Twitter has proven to be USTDA's most dynamic platform: The followership for @USTDA increased by over 50% in FY 2014.

Trade Leads are e-mail blasts that provide U.S. companies with detailed information, including procurement timelines and key decision makers, on upcoming solicitations in emerging markets. Advertised tenders are either the result of previous USTDA-funded activities or have been provided to the Agency by its overseas partners for direct delivery to U.S. companies. In FY 2014, USTDA released Trade Leads to over 5,000 subscribers to the Agency's e-mail listserv. USTDA and its NEI/NEXT colleagues utilize multiplier organizations, such as *Making Global Local* partners and trade associations, to provide Trade Leads and other valuable, timely business development information to U.S. companies interested in expanding their international sales.

Staffing

The Agency has projected a modest increase in operational expenses for FY 2016 to accommodate the salaries and benefits for three additional Full Time Employees (FTEs). This small investment in USTDA's staff is necessary to support the Agency's increasing portfolio of activities and to maintain the requisite levels of research, analysis and due diligence that have resulted in historic levels of success. The three FTEs will work to ensure successful implementation of USTDA's program funding in direct support of U.S. government initiatives, including Power Africa. The additional FTEs will expand market and industry sector expertise and employ a data-driven analytical approach to ensure that USTDA focuses its investments of taxpayer dollars on projects with the highest empirical opportunity for return. In sum, the increase in USTDA's staffing level and related operating expenses will enable the Agency to maintain strong oversight of its increased number of activities with the same controls that have already proven successful.

Travel

The Agency has instituted a number of proactive efficiency measures that have resulted in significant reductions in travel costs. These include a long instituted limitation on business class travel that has resulted in minimal use of this benefit. In addition, the Agency maintains an

effective and robust oversight of its entire travel program, including review and approval of travel actions by the Deputy Director or Director. This oversight has resulted in targeted travel to the Agency's priority countries, reduced numbers of travelers and more efficient overseas travel.

Managing through Data

USTDA continuously strives to evaluate its business processes in an effort to gain efficiencies in operations, improve customer service and reduce unnecessary labor costs. The Agency undertook several efforts in FY 2014 to enable its staff to utilize data in order to manage activities more effectively. One such effort was the deployment of a new Project Management Database System, which enables Agency staff to track the status of projects, identify development gaps and take appropriate action. For example, USTDA identified the need to complete detailed design and engineering specifications to support a rail signaling technical assistance project in Indonesia, and is utilizing the service of a transaction advisor to help fill this gap. The Agency also developed a new platform to track each step in its project timeline, from the receipt of a project proposal to project closeout, in order to identify bottlenecks and design internal process changes to alleviate delays. By implementing these efficiencies in the delivery of the Agency's programs, USTDA will be able to better manage its customers' expectations about response times and improve project delivery.

Additionally, USTDA's Program Evaluations Office created customized, evidence-based resources for the Executive Team and program staff to further promote the use of data in decision-making. The Program Evaluations Office created clearer metrics to make data more accessible, with the goal of helping staff use evidence to enhance the Agency's ability to continually improve program performance. In FYs 2015 and 2016, the Agency will continue to focus on capturing and documenting the results of USTDA's programs by improving the quality and variety of data that can be gathered. Accordingly, the Agency will need to increase its IT support in order to improve its ability to capture data, enhance system integration and reporting capabilities, and ensure efficient, effective and reliable documentation of USTDA results.

Developing Human Capital

USTDA's greatest asset is its highly motivated staff, whose specialized expertise uniquely qualifies them to fulfill the Agency's mission. Recruiting and retaining the best and brightest talent is the major focus of the Agency's human capital development plan. To enable these dedicated employees to reach their professional goals, USTDA is committed to providing a robust internal training program. In FYs 2015 and 2016, the Agency will implement a comprehensive, centrally-coordinated employee training program that will provide job-specific and professional enrichment training, both in-house and through external providers. The goal is to support USTDA's industry sector teams, which were developed to augment the staff's programmatic expertise, by offering

commonly-requested classes—thereby yielding efficiencies—to groups of employees with the same industry focus.

USTDA also launched a remote telework pilot program in FY 2014 to retain two exceptional, experienced regional Country Managers by affording them the opportunity to work remotely from Los Angeles, California and Miami, Florida. This program expanded USTDA's reach in two critical domestic markets. From her post in Miami, USTDA's Country Manager for Brazil has been able to participate in a number of Latin America-related events at which the Agency otherwise would not have been represented. And having local representation in California has helped strengthen USTDA's relationships with the Agency's five *Making Global Local* partners across one of its highest-exporting states. While the Agency will undertake a thorough review of the effectiveness of this pilot program, it has thus far allowed USTDA to retain highly efficient employees and eliminate the downtime and costs associated with recruiting or retraining staff.

Conserving Resources through Shared Services

USTDA has long sought arrangements with Shared Service Providers (SSPs) to take advantage of the specialized expertise and technical capability of the SSPs, while reducing the Agency's budgetary and staffing needs and minimizing redundancies across the federal government. This approach has benefitted USTDA as a small agency. For example, the Agency used to maintain its Oracle Federal Financials on a stand-alone server hosted by the Interior Business Center (IBC), which saw annual cost increases. Through a migration plan developed between USTDA and the IBC, Oracle Federal Financials was migrated to a shared platform, thereby reducing annual expenditures from over \$1.1 million per year to less than \$600,000. The one-time \$536,000 migration cost was recouped in the first two years of operation on a shared platform, allowing the Agency and the U.S. government to realize continuous, significant cost savings far into the future.

USTDA has longstanding shared service agreements for security support services (i.e. personnel security clearances, physical guards, alarm and PIV badges) and administrative support services (i.e. telephone and data wiring, administration of the Agency's standard and secure communications) with the Department of State. Additionally, agreements are in place with the IBC for human resources management, staffing and personnel and payroll processing, as well as for travel authorization and voucher processing. These services have allowed the Agency to tap into the SSPs' knowledge base to eliminate redundancy and improve efficiency in a variety of ways. For instance, by fully adopting IBC's processing of staffing requests, USTDA has eliminated the need for time-consuming internal ranking panels—thereby filling vacant positions more quickly, which eliminates highly inefficient staffing gap periods.

Representation Funds

USTDA requests \$6,000 in representation funds for FY 2016. As noted in the *Principles of Federal Appropriations Law* (a.k.a. the “Red Book”), “Entertainment appropriations originated from the need to permit officials of agencies whose activities involve substantial contact with foreign officials to reciprocate for courtesies extended to them by foreign officials.” As a foreign assistance agency, USTDA’s continued success has been driven, in large part, by the Agency’s strong relationships with host-country partners in the emerging economies where USTDA works. USTDA hosts roundtables, business briefings, signing ceremonies and other events overseas to leverage the Agency’s “convening power”—that is, the Agency invites U.S. industry representatives to events in order to meet with high-level foreign officials that have pending procurements or that are seeking industry-leading U.S. technology solutions to their development challenges. USTDA also hosts reverse trade missions that bring senior public and private sector officials to the United States. Protocol between nations, international business practices and simple hospitality to the Agency’s foreign partners sometimes require USTDA staff “to reciprocate for courtesies extended to them by foreign officials” in the course of conducting Agency business. Successful execution of the Agency’s mission, therefore, requires a modest amount of representation funds necessary to properly build and maintain these integral relationships.

President's Budget Request

In the President's Budget Request, the President is again asking Congress to revive an authority enabling him to submit fast-track proposals to reorganize or consolidate Federal programs and agencies in order to reduce the size of Government or cut costs. The Budget includes a variety of proposed reforms across government designed to drive efficiency and accountability, prevent duplication, and make government work better and smarter for the American people. One of these reorganizations the President would propose with this authority reiterates his previous proposal to consolidate Federal business and trade programs into one more efficient and effective department dedicated to promoting U.S. competitiveness, exports, and American businesses and jobs. The proposal would integrate the six Federal agencies that focus primarily on business and trade, along with other related programs. These include the Department of Commerce's core business and trade functions, the Small Business Administration, the Office of the U.S. Trade Representative, the Export-Import Bank, the Overseas Private Investment Corporation, and the U.S. Trade and Development Agency, as well as rural business programs at the Department of Agriculture, Treasury's Community Development Financial Institution Program, and statistical agencies at the Department of Labor and National Science Foundation. To strengthen the new department's focus on business and economic growth, the National Oceanic and Atmospheric Administration would be consolidated into the Department of Interior, strengthening stewardship and conservation efforts and enhancing scientific resources. The Budget schedules for these agencies and programs continue to reflect them in their current alignment.

Appendix 1 | Core OE Budget Overview

	FY2014	FY2015	FY2016
	Actual	Budget	Budget
Operating Expenses			
11.1 Full Time Permanent	4,505,351	4,958,564	5,333,976
11.3 Other Than Full Time Permanent	643,459	843,792	852,199
11.5 Other Personnel Compensation	35,831	89,218	91,814
11.9 Total Personal Srvc Pymnts	5,184,641	5,891,574	6,277,989
12.1 Civilian Personnel Benefits	1,487,119	1,643,243	1,796,019
Total Salaries and Benefits	6,671,760	7,534,817	8,074,008
23.1 Rental Payments to GSA/Others	1,590,507	1,729,803	1,746,857
21.0 Travel and Transportation	746,957	798,000	848,000
23.3 Communications, Util & Misc	88,285	53,700	59,300
23.3 Communications, Postal Fees & Mail Service	168,269	167,500	167,500
24.0 Printing and Reproduction	85,634	85,634	85,634
25.1 Consulting Services	3,242,572	3,007,619	3,042,277
25.2 Other Services	168,481	174,862	176,993
25.3 Inter-Agency Reimb. Agreements	1,013,410	1,224,468	1,198,975
25.4 Operation and Mgt. of Facilities	15,500	16,000	16,500
25.7 Equipment Maintenance	38,187	39,300	39,750
26.0 Supplies and Materials	157,359	105,000	107,000
31.0 Furniture and Equipment	44,587	100,000	100,000
Carry-over	68,492	-736,703	-862,794
Total Operating Expenses - Core Budget Obligations	14,100,000	14,300,000	14,800,000
Program Funds - Core Budget Obligations	41,000,000	45,700,000	58,900,000
Total Core Budget	55,100,000	60,000,000	73,700,000
Personnel Ceiling	50	52	55

Appendix 2 | USTDA Activities in FY 2014

USTDA ACTIVITIES

BY VALUE OF OBLIGATIONS

	2012		2013		2014	
DM/Desk Studies	\$2,076,927	4.8%	\$2,183,364	5.3%	\$1,994,747	4.1%
Feasibility Studies	\$14,141,409	32.2%	\$16,182,817	39.1%	\$21,272,321	43.6%
Reverse Trade Mission	\$10,542,425	24.0%	\$5,770,693	13.9%	\$9,695,315	19.9%
Technical Assistance	\$12,854,646	29.3%	\$14,069,603	34.0%	\$12,254,025	25.1%
Trade-Related Training	\$781,834	1.8%	\$1,479,714	3.6%	\$500,000	1.0%
Workshop/Conferences	\$3,176,034	7.2%	\$1,709,113	4.1%	\$1,680,324	3.4%
Other	\$349,651	0.7%	\$25,306	0%	\$1,399,009	2.9%
Total	\$43,922,926	100%	\$41,420,610	100%	\$48,795,741	100%

USTDA ACTIVITIES BY ECONOMIC SECTOR

BY VALUE OF OBLIGATIONS

	2012		2013		2014	
Agribusiness	\$0	0%	\$269,463	0.6%	\$1,060,109	2.2%
Clean Energy/Energy Efficiency	\$16,335,973	37.2%	\$17,610,249	42.5%	\$23,872,806	48.9%
Health/HR	\$1,135,744	2.6%	\$409,362	1.0%	\$1,661,105	3.4%
Mining & Natural Resources	\$91,453	0.2%	\$1,810,693	4.4%	\$85,933	0.1%
Multi-Sector & Other	\$675,224	1.5%	\$1,187,251	2.9%	\$1,032,234	2.1%
Services	\$2,298,610	5.2%	\$2,701,217	6.5%	\$3,178,276	6.5%
Telecommunications	\$3,282,419	7.5%	\$3,893,748	9.4%	\$3,573,677	7.3%
Transportation	\$17,373,332	39.6%	\$12,164,251	29.4%	\$12,840,822	26.4%
Water & Environment	\$2,730,171	6.2%	\$1,374,376	3.3%	\$1,490,779	3.1%
Total	\$43,922,926	100%	\$41,420,610	100%	\$48,795,741	100%

USTDA ACTIVITIES BY REGION

BY VALUE OF OBLIGATIONS

	2012		2013		2014	
East Asia	\$6,770,707	15.4%	\$7,664,552	18.5%	\$6,762,200	13.9%
Latin America and the Caribbean	\$8,716,311	19.3%	\$11,120,285	26.8%	\$10,353,588	21.2%
Middle East, North Africa, Europe and Eurasia	\$12,204,060	27.3%	\$4,341,805	10.5%	\$4,991,151	10.2%
South and Southeast Asia	\$10,056,105	22.9%	\$9,705,658	23.4%	\$10,960,514	22.5%
Sub-Saharan Africa	\$6,053,761	13.3%	\$7,554,408	18.2%	\$12,622,560	25.9%
Worldwide/ Global Programs	\$121,982	.3%	\$1,033,902	2.5%	\$3,105,729	6.4%
Total	\$43,922,926	100%	\$41,420,610	100%	\$48,795,741	100%

Appendix 3 | USTDA's Programs: Tools that Open Markets

As U.S. businesses work to remain competitive, USTDA's mission of connecting U.S. providers to emerging market consumers is a critical component of America's global economic leadership. U.S. firms are increasingly relying upon USTDA's programs to help open markets and level the playing field against foreign competition. From strategically timed reverse trade missions to tailored technical assistance, USTDA's program tools help U.S. firms successfully compete on an international playing field.

Reverse Trade Missions: Making Connections

USTDA's specially tailored reverse trade missions provide unique opportunities to foster business relationships between U.S. companies and overseas project sponsors. These carefully planned missions bring foreign delegates to the United States to introduce them to the design, manufacture and operation of U.S. goods and services that can help them achieve their development goals. In FY 2014, USTDA's reverse trade mission program offered more than 820 businesses the opportunity to meet with foreign decision-makers during 26 events in 51 U.S. cities.

Conferences & Workshops: Identifying Opportunities, Showcasing Technologies

USTDA hosts conferences and workshops that bring together government and industry leaders to discuss specific business opportunities in key sectors and markets. These events, which are held in the United States and overseas, help U.S. companies build partnerships and identify export opportunities by providing them with vital knowledge on specific programs and activities. In FY 2014, events like the *U.S.-Colombia Smart Grid Workshop* and the *U.S.-India Aviation Summit* allowed U.S. companies to showcase their technologies and services, as well as to meet with potential customers.

Feasibility Studies & Pilot Projects: Getting It Right from the Start

USTDA-funded and U.S.-led feasibility studies link foreign project sponsors with U.S. businesses at the critical early stage when technology options and project requirements are defined. These studies provide the comprehensive analysis required for major infrastructure investments to achieve financing and implementation.

In some cases, export opportunities depend on a demonstration of the U.S. seller's goods, services or technologies in the foreign buyer's setting. Agency-funded pilot projects demonstrate the effectiveness of U.S. solutions and provide the analysis, evaluation and empirical data needed for

potential foreign projects to secure funding. Pilot projects have proven to be an excellent tool for showcasing U.S. capabilities.

Technical Assistance: Creating a Favorable Business & Trade Environment

USTDA funds technical assistance that supports legal and regulatory reform, the establishment of industry standards and other capacity-building activities. These technical assistance programs, which often bridge gaps in the project development life cycle and shepherd projects through to financing, help facilitate favorable business and trade environments for U.S. goods and services.

Appendix 4 | USTDA's Data Validation & Verification Approaches

USTDA Mission Statement

The U.S. Trade and Development Agency helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions while creating sustainable infrastructure and economic growth in partner countries.

Introduction

Performance data is the foundation upon which the U.S. Trade and Development Agency (USTDA) aligns its programmatic funding decisions in order to achieve its strategic goals. The Agency's success is a result of its rigorous evaluations process, which prioritizes funding for activities in markets and sectors that have strong opportunities for U.S. exports. USTDA collects qualitative and quantitative data about U.S. exports by monitoring project development once an Agency-funded activity is completed, and by investigating and documenting the linkage between specific activity interventions and final project outcomes.

USTDA's performance data measures the U.S. content of a U.S. commercial sale resulting from an Agency-funded activity. In order to make the best estimation of its impact on U.S. jobs, USTDA defines "U.S. content" as goods manufactured in the United States or services provided by U.S. citizens. USTDA obtains U.S. content data most commonly from its stakeholders or, in instances where information is limited or unavailable, works with them to estimate U.S. content value. The U.S. exports identified must have a credible and significant linkage to the USTDA-funded activity. Given the nature of USTDA's activity in early project planning and development, results are realized over the long-term. As such, a ten-year rolling average²⁰ (TYRA) is the interval of time used to capture a meaningful, relevant representation of the U.S. export results of USTDA's programs. The export data is then used to measure USTDA's performance in the following ways:

- **Export Multiplier:** the amount of exports generated for every USTDA program dollar obligated—in general terms, it is the "export return on USTDA investment";

²⁰ The TYRA currently consists of all USTDA activities completed between years 2002-2011.

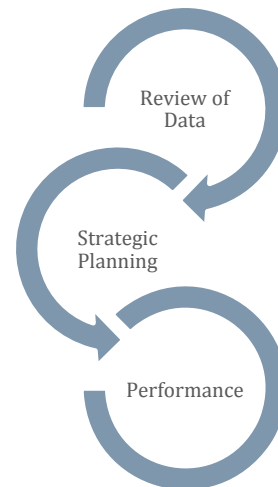
- **Total Cumulative Exports:** the amount of exports associated with USTDA funding in any given time period; and
- **Small Business Impact:** the percentage of USTDA-funded activities that have been awarded to small businesses.

To identify and verify U.S. export content, USTDA engages with external, third-party contractors to conduct independent annual evaluations, during which data pertaining to the results of USTDA's activities is gathered and validated. The data collected is examined, verified and reflected in a final report to USTDA on the outcomes of the Agency's funding commitments. This information is then used to support organizational learning, fulfill the Agency's reporting requirements and contribute to effective performance management. USTDA has maintained and strengthened this third-party evaluation process for over two decades, and will continue to do so going forward.

USTDA's evaluation methodology is designed to ensure consistency and transparency throughout the data collection, monitoring, reporting and analysis process. The Agency adheres to thorough evaluation of each activity it funds and aggregates performance data in order to provide results-based recommendations that can be adopted into USTDA's daily operations to strive towards the highest performance standards. Thus, USTDA can provide reasonable validation and verification that its data is complete, accurate and consistent with Office of Management and Budget guidance, as well as many of the Government Accountability Office's best practices.

Evaluations stakeholders include:

- U.S. companies and suppliers
- Host country project sponsors
- Grantees
- Contractors
- Financiers (i.e. multilateral development agencies)
- USG agencies involved in project implementation (i.e. Ex-Im Bank, OPIC and Department of Commerce)



Means Used to Verify and Validate Measured Values

USTDA's data collection efforts are designed to ensure the highest level of quality and consistency. Reliable data is critical to USTDA's ability to measure performance results in order to inform meaningful and effective programmatic decisions.

Each evaluation effort requires extensive outreach and surveys of project stakeholders, in order to verify and corroborate both old and new information through additional sources. As new information is gathered, USTDA's performance data is revised to reflect the status of project developments. Each individual evaluation generates a report that provides a complete assessment of the project's outcomes and an analysis of the impact of USTDA's funding on these outcomes. These reports are then used by USTDA program staff to learn lessons from projects that were successful and those that were not implemented. Further, the data contained in these reports are aggregated and analyzed by the Agency to identify the most effective ways to leverage funding and substantiate actionable recommendations to improve program effectiveness. Evaluation of a project is considered complete when it is believed that the results of USTDA's funding have been fully documented or no additional changes to the information will be realized. Thus, USTDA's data is subject to multiple third-party evaluations, over multiple years, and adjusted to reflect the most accurate information that can be obtained about outcomes.

USTDA has maintained an external, third-party evaluation process since the Agency's inception. Currently, two outside evaluation contractors collect the data required for quantitative analysis that is used to report on the Agency's performance measures. By having two companies perform these services, the Agency is able to maintain a system that allows each company to independently—and separately—validate USTDA's evaluation methodology and data, and to provide recommendations about ways in which the process can be strengthened. USTDA protects the data that is collected by maintaining a secure internal database that can only be accessed by internal personnel, and a separate client server application for use by the third-party contractors.

Sources of the Data

The primary goals of the Program Evaluations Office are to help the Agency identify the most effective ways to leverage its funding by informing decision-making processes, and to contribute to the Agency's ability to maintain accountability and transparency by providing clear, consistent data and analysis. As such, the Office evaluates and reports the outcomes of the Agency's funding

for activities that support projects; USTDA may fund more than one activity to help advance a single project.²¹



USTDA maintains specific steps in its process to gather and document data. Evaluation strategies are designed by program staff, in coordination with the Program Evaluations Office, during the scoping and definition of each USTDA-funded activity. USTDA’s activities include: early project planning and development, including grant funding for pilot projects, technical assistance and feasibility studies; and contract funding for reverse trade missions, conferences, workshops and training programs. The nature of collecting data for these activities varies slightly; however, USTDA has instituted consistent and rigorous methods in order to document the same data for all activities: U.S. exports.

In addition to the use of this evaluation strategy, Project Implementation Assessments (PIA) are conducted for each ongoing USTDA-funded grant activity—one about halfway through the project’s lifecycle, and one near the completion of the project—to help the Agency identify opportunities for U.S. company involvement. The mid-lifecycle PIA documents the status of the USTDA-funded activity to determine the likelihood of project implementation and U.S. export opportunities. This helps USTDA identify whether or not additional assistance is needed to move the project toward implementation, which may highlight an opportunity for the Agency to provide gap financing—specialized advisory services, transaction advisors, regulatory assistance and/or training—in order to overcome obstacles to implementation. The second and final PIA seeks to determine how close a project is to being implemented and what specific procurements may be on the horizon within the next six to twelve months. USTDA uses this information to develop Trade Leads for U.S. companies to help educate and position them for the upcoming tenders. Upon completion of a project planning activity, USTDA receives a final report that was approved by the grantee, documenting the work performed under USTDA’s funding. All final reports include recommendations on how the grantee can implement the project. These recommendations include a list of equipment and services that are required for project implementation, as well as a

²¹ A *project* is an infrastructure goal, identified by a project sponsor that will require the importation of goods and services to be constructed or implemented. USTDA’s funding is not used for the *project*; rather, USTDA funds an *activity* to help a *project* progress to implementation. Therefore, a USTDA *activity* is intended to help promote the export of U.S. goods and services for use in the *project*. A central part of USTDA’s evaluation process and performance measurements is determining whether and how a USTDA *activity* led to direct results or outcomes for a specific *project*.

list of potential U.S. sources of supply. As such, the recommendations within the final report help frame USTDA's evaluation efforts.

The evaluation strategy, PIA and final report recommendations then support the Initial Impact Assessment (IIA) process, which is conducted upon USTDA's receipt of the final report. The IIA summarizes: (1) the USTDA activity and project background; (2) the final report conclusions/recommendations; (3) whether the Agency's funding met intended goals; (4) the likelihood of project implementation; (5) the likelihood for export results; (6) list of stakeholder contacts; and (7) any other information required for future evaluation efforts. The IIA, which is the first formal step for USTDA's Program Evaluations Office to initiate contact with the project stakeholders, allows the Office to determine whether the assumptions made at the time of funding have changed and adjust the evaluation effort accordingly. Upon completion of the IIA, the activity is then entered into USTDA's third-party evaluation cycle.

Upon completion of a USTDA contract for a reverse trade mission, conference, workshop or training program, contractors submit an immediate report and a one-year follow-on report, both of which include surveys that are distributed to all participants asking what they gained as a result of participating in the event and how their participation helped them achieve their goals. These two reports, and the accompanying surveys, are intended to capture instances where business connections were initially made at the USTDA event but needed time to generate meaningful results. Simply put, the reports are intended to help document commercial impacts resulting from USTDA-funded activities. The evaluation strategy developed during project conception is used to inform the surveys issued upon the contracted activity's completion. As with grant activities, upon completion of a one-year follow-on report, the activity is then entered into USTDA's third-party evaluation cycle.

Sources of Data throughout Evaluation Cycle

Throughout the processes described above, USTDA gathers its performance data through the use of stakeholder interviews and surveys, personal phone communications, emails, in-person interviews, publicly available information, U.S. government documentation or a combination of these sources. The Program Evaluations Office strives to use consistent methods that are most likely to result in obtaining information about the impact of a USTDA-funded activity. At each stage of the data gathering process, information is collected in order to determine whether, and how, U.S. companies benefited from the USTDA activity, detailing the U.S. exports and U.S. content of the exports, including:

- whether the goal of USTDA's funding was achieved and if not, why;
- how the project was financed or, if it was not financed, why;

- a complete documentation of what resulted from the USTDA activity, if anything, and why those results did or did not occur; and,
- a list of individuals who are knowledgeable about the project's status.

USTDA has the utmost confidence in the accuracy and validity of its performance data and evaluation processes, which form the foundation of the continual strengthening of the Agency's program.