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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

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November 5, 2014

**By Electronic Mail**

Re: Freedom of Information Act ("FOIA") request 2014-025

Thank you for your FOIA request to the U.S. Trade and Development Agency dated July 13, 2014, in which you asked for,

*"The Congressional Budget Justification for USTDA for each of the Fiscal Years 2007 through 2013."*

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,



Ziyang Pan  
Assistant General Counsel

**The U.S. Trade and Development Agency (USTDA) advances economic development and U.S. commercial interests in developing and middle income countries. The agency funds various forms of technical assistance, feasibility studies, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment.**

**USTDA's strategic use of foreign assistance funds to support sound economic policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development. Operating at the nexus of foreign policy and commerce, USTDA is uniquely positioned to work with U.S. firms and host countries in achieving the agency's trade and development goals. In carrying out its mission, USTDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services.**

## **USTDA FY 2007 CONGRESSIONAL PRESENTATION**

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## **EXECUTIVE SUMMARY**

The U.S. Trade and Development Agency (USTDA) has a long and successful record as a results-driven agency with the ability to readily undertake United States trade and foreign policy initiatives. The President's fiscal year (FY) 2007 budget request for USTDA is \$50.3 million. This request will allow the agency to continue to support regional and sectoral priorities consistent with the Administration's trade, development, and export agendas. Fully funding the Administration's request will provide USTDA the ability to support: 1) reconstruction efforts and economic development in Iraq, Afghanistan and other areas of conflict; 2) assistance to the Middle East to enhance democracy-building efforts throughout the region; 3) assistance to implement international transportation safety and security standards; 4) capacity building activities in areas in which the United States has engaged in bilateral and multilateral trade negotiations, particularly countries party to the U.S.-Central American-Dominican Republic Free Trade Agreement (CAFTA-DR); and 5) economic growth in Africa through activities that promote the development goals of the African Growth and Opportunity Act (AGOA).

USTDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment, and sustainable economic development. Through various forms of technical assistance and capacity building activities, USTDA's program helps countries better define their developmental priorities while injecting market-based principles into the implementation of the activity. The agency's activities develop trade partnerships by enhancing the ability of U.S. firms to conduct business overseas through a variety of trade capacity building and technical assistance programs. At the same time, USTDA's program helps to identify and prepare projects for implementation that will establish the infrastructure necessary for economies to expand.

In FY 2005, trade capacity building was a critical element of USTDA's program, representing nearly one-half of the agency's total funding. USTDA's trade capacity building activities support U.S. government policy, effective economic development, and overseas U.S. business and trade interests. This trade work specifically targets U.S. foreign policy priorities, such as free trade agreement support, supply chain and transportation security, Iraq and Pakistan reconstruction efforts, the Middle East Partnership Initiative, and tsunami reconstruction. Through these and other activities USTDA-funded projects, produce positive development benefits and have generated over \$25 billion in U.S. exports associated with those programs.

## **FY 2007 BUDGET REQUEST**

The President's FY 2007 budget requests an appropriation of \$50.3 million for USTDA. This level of appropriation represents a decrease of \$91,000 or approximately 1%, from FY 2006 levels.

	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
Administration Request	\$60,000,000	\$50,000,000	\$48,900,000	\$50,300,000
Enacted Amount	\$49,707,000	\$51,088,000	\$50,391,000	-
Percentage Change From Prior Year Enacted	<b>6.42%</b>	<b>2.77%</b>	<b>-.99%</b>	-

**BUDGET HISTORY TABLE**

<b>Fiscal Year</b>	<b>Request</b>	<b>Appropriation</b>	<b>Carryover from Prior Year</b>	<b>Available for Obligation</b>	<b>Obligated</b>
<b>FY 2000</b>	48,000,000	43,833,000	5,763,000	49,596,000	38,353,000
<b>FY 2001</b>	48,000,000	49,890,000	11,243,000	61,133,000	44,514,000
<b>FY 2002</b>	50,000,000	50,019,000	16,619,000	66,638,000	64,979,000
<b>FY 2003</b>	44,700,000	46,706,000	1,659,000	48,365,000	47,723,000
<b>FY 2004</b>	60,000,000	49,707,000	642,000	50,349,000	48,913,000
<b>FY 2005</b>	50,000,000	51,088,000	1,436,000	52,524,000	49,827,000
<b>FY 2006</b>	48,900,000	50,391,000	2,697,000	53,088,000	-
<b>FY 2007</b>	50,300,000				

The agency's FY 2007 budget request is designed to support regional and sectoral priorities consistent with the Administration's trade, development, and export agendas, as well as new initiatives that place the agency in an inter-agency coordination role. Specifically, in FY 2005 USTDA realigned its program to better match regional priorities established by the Administration. Through this realignment, USTDA is able to target funding to the areas that are identified in need of the greatest support. USTDA intends to build on this early success with a continued commitment to the Middle East region and the foundation that has been established in both Afghanistan and Iraq. This targeted assistance will lead to more efficient and transparent trading systems, bolster democratic reforms, and strengthen U.S. bilateral relationships with important economies around the world.

USTDA's FY 2007 budget request encompasses the agency's assistance programs that support key trade and foreign policy objectives of the Administration, including: 1) reconstruction efforts and economic development in Iraq, Afghanistan, and other areas of conflict; 2) assistance to the Middle East to enhance democracy-building efforts throughout the region; 3) assistance to implement international transportation safety and security standards; 4) capacity building activities in areas in which the United States has engaged in bilateral and multilateral trade negotiations, particularly countries party to the U.S.- Central American-Dominican Republic Free Trade Agreement (CAFTA-DR); and 5) economic growth in Africa through activities that promote the development goals of the African Growth and Opportunity Act (AGOA).

## **BUDGET REQUEST JUSTIFICATION**

USTDA has the proven capability to rapidly and effectively respond to new Administration priorities as they emerge. Already, USTDA has targeted significant resources toward the reconstruction efforts in Iraq and Afghanistan with much success. As a result of early investments, USTDA is well positioned to continue to support the Administration's efforts to create sustainable democratic societies within these emerging states as well as throughout the Middle East. With major trade initiatives such as CAFTA-DR and numerous ongoing FTA negotiations moving forward, USTDA will assist countries that are the beneficiaries of these initiatives.

USTDA is uniquely qualified to:

- Help countries better define their priority development projects or objectives based on proven experience;
- Inject important market principles into the process; and
- Provide the necessary technical assistance to advance these projects to implementation.

The requested budget amount will allow the agency to maximize the impact of its private sector-led development efforts in the priority areas mentioned above. Moreover, the agency's effectiveness will be further magnified by its project implementation strategy.

USTDA has taken several steps to ensure that its program remains results oriented and successfully delivers commercial foreign assistance by taking on an increasingly visible role in developing trade capacity-building around the world. USTDA's focus on developmental impact and closer inter-agency coordination are additional efforts taken by the agency to promote the Administration's agenda. These results benefit developing countries and enhance U.S. national security by fostering stronger and more stable countries and regions.

## **USTDA FY 2007 PROGRAM PRIORITIES**

USTDA promotes infrastructure development and capacity building in developing and middle-income countries through various forms of technical assistance. Equally important, the agency continues to promote long-term trade and investment partnerships with American companies by focusing on areas that are important policy priorities for the Administration.

Trading arrangements are built not just through broad multilateral negotiations at the World Trade Organization (WTO), but also through bilateral and regional free trade agreements (FTAs). Despite the strength of the U.S. economy and enormous progress in liberalizing global trading arrangements, U.S. companies still face tough foreign competition and challenging trade barriers. Capacity constraints can limit both a country's ability to grow and U.S. companies' ability to trade with and invest in that country. For example, safe, secure and efficient transportation is essential to U.S. exporters and importers, as well as to any country's growth potential.

USTDA pursues the Administration's trade and development priorities by focusing on three major areas.

- **Building the Infrastructure for Trade:** Early investment analysis and technical assistance related to planning, financing, and implementing major infrastructure projects with a special focus on post-conflict reconstruction efforts and the Middle East.
- **Strengthening Transportation Safety and Security:** Technical assistance to implement international safety and security standards, ensure supply chain security, and define new safety-related technology and procedures.
- **Supporting U.S. Trade Policy Negotiations:** Technical assistance to facilitate the Administration's trade policy priorities identified during bilateral and multilateral negotiations and support for trade agreement implementation.

#### **FY 2007 – Special Challenges**

***Post-Conflict Reconstruction:*** USTDA provides training and technical assistance to help secure economic stability and growth by reintegrating post-conflict countries into the global economy. USTDA has already achieved important successes in Afghanistan and Iraq.

***Middle East:*** USTDA's program in the Middle East is focused on supporting economic development and democracy-building efforts by creating jobs and improving economic performance. Democracy and prosperity in the broader Middle East and North Africa region will be difficult to achieve without the policies and physical infrastructure in place to encourage economic growth and trade.

***Transportation Safety and Security:*** USTDA has developed a wide range of unique partnerships combining both the policy priorities and the technical expertise of the U.S. government and the private sector. In FY 2007, USTDA intends to provide greater support for multimodal transportation security initiatives, including end-to-end supply chain security. In addition, USTDA will increase its focus on aviation safety and security to help developing countries better integrate into the global economy.

***FTAs/CAFTA-DR:*** FY 2007 will be a critical year for demonstrating the success of new FTAs. USTDA will work with U.S. trade negotiators and our FTA partners to help build the infrastructure for trade in Central America, the Dominican Republic and other regions that have FTAs with the United States.

***African Infrastructure/African Growth and Opportunity Act:*** The success of AGOA has been significant, yet more can be achieved beyond the textile and apparel sector. It is essential to invest in regional infrastructure capacity in order to ensure that the goals achieved under the AGOA preference program are maintained and future opportunities exist for continued integration into the global economy.

#### **Building the Infrastructure for Trade**

At the Gleneagles G8 summit in July 2005, leaders discussed the fundamental connection between infrastructure and development. The G8 donors agreed to establish an African Infrastructure Consortium to increase donor coordination and to strengthen the impact on assistance in this critical area. As the principal U.S. representative to the Consortium, USTDA is better positioned to provide trade, infrastructure development and export opportunities for U.S. companies.

## **Afghanistan**

USTDA is seeing early success that is a direct result of technical assistance provided to Afghanistan. For example: USTDA funded a study in northern Afghanistan that is now supporting a new 100 megawatt gas-fired power plant project; a new cellular telephone and satellite-based communications network was launched because of USTDA policy assistance; and early investment analysis that USTDA funded has resulted in the implementation of a fiber optic backbone project. In addition, USTDA was able to move quickly in early 2002 to deliver assistance in Afghanistan. The agency's early activities have already led to specific investments by U.S. companies in telecommunications and aviation projects, and the establishment of the American University of Afghanistan. USTDA's Afghanistan reconstruction conference, held in June 2003, continues to have an impact, as U.S. companies explore new commercial opportunities in that country.

In 2007, USTDA will continue to focus on capacity-building activities that have helped create the human and institutional infrastructure needed to stimulate investment and support economic growth in Afghanistan. This includes, among other areas, training/mentoring programs for consulting engineers, training of accountants, assistance in establishing a standards system, establishing a legal and regulatory framework for civil aviation, and assistance in developing construction codes.

### ***American University of Afghanistan***

*USTDA provided funding (\$553,475) for a feasibility study on the establishment of a private university in Afghanistan, modeled after the American University of Beirut. The study played a pivotal role in the decision, announced in March 2005 by First Lady Laura Bush, to provide \$15 million in U.S. assistance to create the new university. The project is now moving into the implementation stage, with the first classes planned for August 2006. The course offerings are expected to include business administration, computer science, public policy and administration, among other core curriculum.*

## **Iraq**

USTDA will continue to target critical reconstruction needs in Iraq, specifically energy (including oil and gas), information and communications technology (ICT), education, and transportation sectors. USTDA is currently implementing a \$2.5 million training program for Ministry of Oil executives, managers and technicians, as well as planning an orientation visit for officials to come to the United States to learn about financing oil sector projects. This is an important area of focus for USTDA, as the energy sector is a critical development priority for Iraq and commercial cooperation with U.S. companies is key to the long-term strength of the sector. USTDA will also build upon its successful work in the education and ICT sectors, through the development of a Women's ICT Center in Iraq and an ICT "Train-the-Trainers" program.

**Iraq International Accounting Standards Program**

*USTDA funded a \$1.3 million international accountancy training program for Iraqi professionals that was completed in July 2005. The Iraqi professionals, participating from different regions of the country, and across a variety of private and public sectors, received the highest level of international accountancy training available.*

*Each Iraqi received four weeks of training in one of the following sectors: state-owned enterprises, small and medium-sized enterprises, and banking. The participants are now able to support Iraq's integration into the global economy by developing financial statements that will be the basis for transactions between their Iraqi organizations and those in the rest of the world.*

**Strengthening Transportation Safety and Security**

Safe, secure and efficient transportation systems are essential elements of any country's development strategy. In Poland, the civil aviation authority lost its Category 1 flight status because of ongoing safety and security infractions. As a result, aircraft were not permitted to fly directly from Warsaw to the United States. USTDA's early investment analysis helped Poland to conform to International Civil Aviation Organization standards, as well as regain its Category 1 Federal Aviation Administration safety ranking, enabling the commercial relationship between Poland and the United States to continue to grow.

Given the significance of transportation in every trade and investment decision, this sector has become the largest single sector of activity for USTDA. The agency's investments have covered the port, rail, and aviation sub-sectors. These include examining intelligent transportation systems, satellite-based air traffic management, safety and security technology, and regional infrastructure planning. Security considerations are now an integral part of almost all of the agency's transport sector activity.

**Trade Capacity Building: Supporting U.S. Trade Negotiations**

Trade capacity building is an important and growing program activity for USTDA, representing nearly one-half of USTDA's FY 2005 budget allocation. In partnership with the Office of the U.S. Trade Representative (USTR), the focus in 2007 will be on encouraging countries to comply with their intellectual property rights (IPR) protection obligations, as well as trade facilitation, customs modernization and transportation security. In key markets such as China, USTDA will address barriers for U.S. companies, such as inadequate IPR enforcement, irregularities in customs valuation, and standards and other technical barriers to trade. In addition, USTDA will work closely with USTR to support countries as they continue to implement their WTO commitments and to negotiate other FTAs.

### ***Telecommunications Capacity Building***

*USTDA has invested the agency's funds in Afghanistan's telecommunications sector in a coordinated approach that has yielded substantial development. In the past three years, USTDA has sponsored an orientation visit to the United States for officials from the Ministry of Communications and provided funding for both a policy advisor to the Ministry and early investment analysis related to a fiber optic telecommunications backbone network. Based on the policy assistance, new cellular licenses have been granted and a microwave-based telecommunications system for the central government has been implemented, with financing from The World Bank. The early investment analysis on the backbone network has been completed, and USTDA is currently funding follow-on technical assistance in tendering for project implementation.*

## **REGIONAL PRIORITIES**

### **The Middle East, North Africa and South Asia**

Democracy and prosperity in the broader Middle East and North Africa region will be difficult to achieve without the policies and physical infrastructure in place to encourage economic growth and trade. As a result, USTDA has developed a broad program of assistance in the critical infrastructure sectors of energy, transportation, and ICT. To support these sectors, USTDA has provided assistance to the Middle East and North Africa in oil spill prevention and clean up, energy efficiency, energy diversification, refinery upgrades, customs facilitation, and ICT investment and development. The agency will continue focusing on these areas in 2007, as well as other Administration regional priorities.

In addition to trade-related physical infrastructure, a pro-trade policy environment is becoming an increasingly important element in the region's growth strategy. The agency will focus its FY 2007 investments on the Administration's trade policy priorities in the region, including activities related to the FTAs with Jordan and Morocco. The agency's program will include economic development, infrastructure, and trade capacity assistance, focusing on the Middle East Free Trade Area initiative and the Middle East Partnership Initiative.

South Asia is comprised of several countries closely aligned with the United States in the fight against terrorism and USTDA will continue to focus on this important sub-region. South Asia's impressive economic growth creates business opportunities for Americans. At the same time, continued commitment in the region to infrastructure and regulatory modernization offers possibilities for USTDA engagement in a number of critical economic development areas, such as transportation and, energy efficiency and diversification, and communications infrastructure. USTDA is supporting the growing economic dialogue with India by developing a broad framework agreement related to clean energy development, agriculture-biotechnology assistance, and civil aviation.

## **Asia**

Asia is home to some of the United States' most important emerging market trading partners. As a result, activities that support U.S. trade policy will be at the core of the agency's FY 2007 investment program.

### ***Asia-Pacific All-Hazards Workshop***

*In response to the December 2004 tsunami, USTDA facilitated Thailand's access in early 2005 to U.S. environmental and early warning systems specialists by partnering with the Asia-Pacific Economic Cooperation (APEC) forum and other U.S. government agencies to hold an Asia-Pacific All-Hazards Workshop. The event brought emergency preparedness and disaster management experts from the U.S. government, international organizations, and the private sector together with decision-makers from Indian Ocean and APEC economies. The workshop attracted nearly 200 participants from 19 countries and facilitated an ongoing regional dialogue on the development and sustainability of all-hazards information and risk management systems. It also provided an overview of an all-hazards early warning system, with a special emphasis on interoperability among the national systems currently being developed in tsunami-affected economies.*

Already, USTDA has supported the U.S.-Thailand FTA negotiations with TCB activities in transportation logistics, small and medium-sized enterprise finance, trade security and other areas. In FY 2007, attention will turn to the implementation of FTA obligations, including the emergence of the financial sector, standards development, and IPR protection. Similarly, USTDA initiated trade capacity support for Indonesia in FY 2005 under the Trade and Investment Framework Agreement. As the trade relationship matures, the agency will emphasize in FY 2007 modernization of customs, transportation infrastructure, and transportation and trade security. In other countries, USTDA will pursue trade capacity building activities such as financial sector modernization in Vietnam.

USTDA has partnered with the FAA and U.S. industry to create separate Aviation Cooperation Programs (ACPs) in India and China. The ACPs work with the Indian and Chinese governments to identify and support civil aviation priorities. Specifically, the ACPs are: promoting increased safety, operational efficiency and system capacity in the aviation sector; facilitating and coordinating aviation industry training and technical ties with the United States; and strengthening overall U.S.-India/China aviation cooperation. USTDA plans to strengthen its support for the ACPs in 2007 by focusing on air traffic system safety and efficiency improvements, and flight standards, regulation and certification.

## **Central Asia**

USTDA expects demand for its program to grow in Central Asia in FY 2007 as the new governments in Georgia and Ukraine push a reform agenda. The agency anticipates activities in many sectors, including energy, transportation, and the environment. In Russia, a strong economy presents many opportunities for U.S. commercial involvement, and demand for USTDA assistance is expected to continue. In Turkey, political stability and economic growth also continue, and

with the start of European Union accession negotiations, new opportunities will arise in the energy and environment sectors.

### **China**

USTDA supports high-level economic policy dialogue with China in a range of sectors through trade capacity building assistance designed to accomplish specific trade policy objectives. Activities funded in FY 2005 include three separate training programs to open the Chinese market to U.S. agricultural-biotechnology products, strengthen intellectual property rights protection, and improve financial sector lending practices. This will continue through FY 2007, by developing programs in close cooperation with U.S. industry to target specific U.S. commercial and trade objectives.

### **Latin America and the Caribbean**

Latin America and the Caribbean are Administration targets for greater economic cooperation, as evidenced by the CAFTA-DR and Andean FTAs and by numerous bilateral initiatives. New initiatives have placed this region in the center of U.S. trade and development priorities. The North American Free Trade Agreement and the U.S.-Mexico Partnership for Prosperity are succeeding; the new Security and Prosperity Partnership of North America continues to make progress; CAFTA-DR will begin to benefit the region soon; and negotiations continue on both the Andean FTA and the regional Free Trade Area of the Americas. In this context, the priority for USTDA's Latin America and the Caribbean region will continue to be technical assistance in trade capacity building, supply chain security, border crossings, energy availability and security, and the logistics efficiency of multimodal ports.

USTDA will continue to support the region with the following initiatives through FY 2007:

- USTDA played a central role in facilitating the capacity-building aspects of the CAFTA-DR and Panama agreements in FY 2005, and supporting the implementation of those agreements will be a focus through FY 2006 and FY 2007. USTDA will work with U.S. FTA partner countries to identify areas where technical assistance can help to relieve infrastructure or other constraints on trade.
- Improving environmental conditions in the region is a central part of U.S. trade engagement in Latin America and the Caribbean. USTDA's technical assistance on environmental projects will continue to be a significant part of the regional portfolio.
- As economic growth returns to the region, many countries are setting out to secure that growth by encouraging the development of public-private partnerships. This is particularly true for the petroleum sector in oil producing countries such as Peru and Colombia, and USTDA is working hard to stimulate private investment in these countries. USTDA is supporting the development of private sector growth and public-private-partnerships across the region.

### **Sub-Saharan Africa**

Building the infrastructure for trade is the agency's principal priority in Africa. USTDA is working with U.S. companies, regional institutions, and African governments to strengthen

Africa's links to the global economy through transportation safety in West Africa and electric power generation in Southern Africa.

Through the African Union and the New Partnership for African Development, Africans are working to develop solutions to regional problems. Sub-regional organizations, such as the Economic and Monetary Union of West Africa and the East African Community, are also taking on more responsibility, especially in the infrastructure sectors. As the role of the regional institutions has changed, they have also become increasingly important conduits for American companies. USTDA is supporting this regional approach to economic development by helping to build the capacity of regional institutions and by paving the way for U.S. exporters and investors.

Though Africa has the potential to offer investors the highest return on investment of any region in the world, foreign investors still hesitate when confronted with the region's risky investment climate. USTDA is helping investors make the difficult decision to invest in Sub-Saharan Africa by sharing the costs of investment analysis and business plan development. The agency partners with investors in this way around the world, but given the difficulty of attracting investment to Africa, investor-oriented activities are an especially important element of the agency's work in this region.

### **Europe and Eurasia**

USTDA has developed a differentiated program of assistance in the countries of Europe and Eurasia. Energy remains a major economic driver – and a major area of opportunity for U.S. exporters. USTDA is also helping to diversify the region beyond oil and gas, as well as working to engage the non-energy producing countries in the global economy. These activities will continue through 2007.

In the oil-rich countries, such as Azerbaijan and Kazakhstan, USTDA will provide assistance in helping to diversify the economies, primarily through promoting commercial partnerships with U.S. companies. The lesser developed and natural resource poor countries of the area, such as Moldova and Armenia, have different needs. USTDA will address them through support for basic infrastructure and agribusiness.

USTDA's FY 2007 program in Europe will focus on the Southeast European countries, particularly Romania and Bulgaria, which are slated to enter the EU in 2007. EU requirements for energy and the environment will necessitate major investments in these sectors, opening up new opportunities for U.S. companies. In Serbia and Montenegro, Croatia, and other Southeast European countries less integrated into the regional trading economy, USTDA will support targeted interventions in trade-related infrastructure sectors, including transportation and energy, where the trend is toward private sector development and/or public-private partnerships.

### **USTDA ACTIVITY SUPPORT**

USTDA assistance represents strong and measurable development priorities in host countries and offers opportunities for commercial participation by U.S. firms. The agency's program is designed to help countries establish a favorable trading environment and modern infrastructure that promotes sustainable economic development. The agency accomplishes this mission by

funding: 1) project definition and investment analysis; and 2) trade capacity building and sector development activities. Project identification and investment analysis involves activities that support large capital investments that contribute to overseas infrastructure development. Trade capacity-building and sector development supports the establishment of industry standards, rules and regulations, trade agreements, market liberalization and other policy reform.

### **Trade Capacity Building and Sector Development Activities**

**Sector Development Technical Assistance:** USTDA provides technical assistance to facilitate the development of sector strategies, industry standards, and legal and regulatory frameworks. This assistance helps create a favorable business and trade environment. Transportation safety and security are particularly important sectors for USTDA's technical assistance work.

**Trade Agreement Support:** USTDA works closely with USTR, private industry and others to deliver trade capacity-building technical assistance. This assistance is normally associated with the negotiation of trade agreements and compliance with important international market access requirements. Areas of assistance may include customs processing and valuation, intellectual property rights, government procurement, technical barriers to trade, and trade in services.

**Training:** USTDA provides training for foreign decision-makers in economic sectors where there are opportunities for the sale of U.S. equipment and services. The training is normally focused on technology or regulatory issues and designed to give project sponsors a better understanding of U.S. experience and capabilities. Training is conducted in the United States and/or in the host country.

**Trade and Industry Advisors:** Foreign government entities may obtain USTDA grants for trade and industry advisors. These advisors are typically located in ministries or municipalities where they can help with capacity building activities relevant to trade regulations, standards or the import of technology and additional expertise.

### **Project Definition and Investment Analysis**

**Project Definitional Missions and Desk Studies:** One of the earliest stages of project planning is the development of terms of reference for an activity that will define the technical, economic, environmental, financial, and other factors that must be addressed before an investment decision can be made. USTDA helps to ensure that a project is appropriately conceived by contracting with technical specialists to perform definitional missions and desk studies. These independent assessments develop the appropriate terms of reference and budget for pertinent project preparation activities. Using U.S. private sector resources and expertise, these activities provide preliminary assessments of the economic viability of proposed projects and determine whether they meet USTDA's funding criteria.

**Early Investment Analysis and Sector Development:** USTDA provides grants for overseas infrastructure project planning assistance, such as technical assistance and feasibility studies. These grants assist in the development of market-oriented reforms

undertaken by the overseas government and the evaluation of the technical, financial, environmental, legal, and other critical aspects of infrastructure development projects that are of interest to potential lenders and investors. Further, USTDA supports procurement assistance to overseas partners as they undertake fair and open competitive bidding on international tenders for infrastructure development projects. Host country project sponsors select the U.S. companies, normally through an open competition which perform USTDA-funded feasibility studies.

**Orientation Visits:** Orientation visits bring foreign project sponsors to the United States to observe the design, manufacture, demonstration and operation of U.S. products and services that can potentially help them achieve their development goals. USTDA uses U.S. firms to assist in the preparation and management of these customized visits.

**Workshops and Conferences:** USTDA organizes workshops, conferences and technical symposia worldwide. These events are sector or project-oriented and are aimed at connecting overseas project sponsors with U.S. firms and entities that supply project finance, technology and industry expertise that may be useful in project implementation. USTDA contracts with pre-qualified professional conference specialists to organize these activities.

### **Public-Private Partnerships**

Since its inception, USTDA has promoted public-private partnerships. The hallmark of USTDA development assistance has always involved building bridges between U.S. companies and overseas project sponsors – bringing proven private sector solutions to development challenges. USTDA's technical assistance and investment analysis programs take advantage of the private sector's experience, technology, and ingenuity that are integral to development and project sustainability. The agency's program works best in countries that recognize the importance of private sector participation and a marketplace that respects the rule of law, fair competition, and open trade.

USTDA has helped launch international public-private partnerships in sectors including energy, environment, ICT, and transportation. As nearly all of the agency's program activity is implemented using private sector expertise, USTDA makes a special distinction between projects that provide engineering and consulting services and those that forge lasting partnerships and collaboration between public and private entities. A successful public-private partnership is typically defined by one of the following elements:

- Shared ownership or management of an infrastructure project by a host country public sector/government entity and a private sector entity of the host country or the United States. This may include joint ventures, build-operate-transfer projects, and similar arrangements.
- Development of enduring private sector-led activities, institutions, or associations that deliver technical, financial, and other forms of assistance to public sector entities in a host country.

USTDA takes proactive efforts to create public-private partnerships that facilitate a country's integration into the global trading environment, promote sustainable economic and social development, and link U.S. private sector solutions to development challenges. Notable recent examples include:

- **China: U.S. – China Aviation Cooperation Program (ACP)**: China's rapidly growing aviation industry has challenged on-going efforts to maintain effective safety and security operations. Recognizing a need, USTDA helped to structure the ACP with the goal of facilitating U.S. government and U.S. aviation industry training and technical cooperation with China. The ACP provides a unified voice to China in the aviation sector through the coordination of assistance and training needs identified by the General Administration of Civil Aviation of China (CAAC). This program is supported by the ACP's 20 U.S. private sector member companies and by public sector contributions from USTDA, the Federal Aviation Administration, and the CAAC.
- **Uganda: Jinja-Njeru Water and Wastewater Project**: USTDA is sponsoring an investment analysis for Uganda's Ministry of Water, Lands, and Environment (MWLE), which will examine public-private partnership options for water and wastewater treatment in the Jinja and Njeru municipalities along Lake Victoria. This project will examine the technical, financial, legal, and structural aspects of developing such a partnership under the guidance of the MWLE. Prompted by strict national environmental regulations, local industry is interested in pursuing a joint treatment system with the local governments, to create an economy of scale that will provide more affordable treatment options for commercial and household use.
- **Sri Lanka: Solar Powered Community Water Supply Pilot Project**: Following the December 2004 tsunami, Sri Lanka's Ministry of Urban Development and Water Supply (MUDWS) approached USTDA for assistance to provide clean drinking water systems to the country's Hambantota district. USTDA and MUDWS are partnering with WorldWater & Power Corporation, a New Jersey-based solar engineering and water management company, to co-sponsor a pilot project to introduce solar powered community water supply systems as a potential solution. The goal of this public-private partnership is to provide safe drinking water to villages where electrification is not an option.

## **TOP COUNTRIES AND SECTORS FOR FY 2005**

In FY 2005, USTDA funded 345 activities including: 131 desk studies and definitional missions; 109 technical assistance activities; 57 feasibility studies; 12 conferences; 4 trade-related training programs; 1 procurement assistance; and 31 orientation visits. These activities focused on 66 countries within Eurasia, Asia, Central and Eastern Europe, Latin America, the Caribbean, Africa, and the Middle East. The following tables show the top ten countries and top five sectors where USTDA provided assistance in FY 2005, FY 2004 and FY 2003:

### **Top Ten Countries in FY 2005**

Country	Funding Amount	Number of Activities
China	\$4,783,258	26
Afghanistan	\$3,965,181	13
Indonesia	\$3,744,995	12
Thailand	\$3,352,664	16
Sri Lanka	\$2,769,300	8
Sub-Saharan Africa Regional	\$2,526,414	21
Mexico	\$2,458,415	11
Iraq	\$2,276,319	7
Peru	\$2,153,001	6
Azerbaijan	\$1,738,793	5

### **Top Ten Countries in FY 2004**

Country	Funding Amount	Number of Activities
Iraq	\$5,415,851	15
China	\$2,984,438	23
Afghanistan	\$2,544,001	12
Azerbaijan	\$2,365,879	5
Serbia & Montenegro	\$2,339,625	10
Indonesia	\$2,334,906	9
Romania	\$2,160,717	10
India	\$1,530,079	8
Egypt	\$1,464,257	10
Mexico	\$1,352,296	11

### **Top Ten Countries in FY 2003**

Country	Funding Amount	Number of Activities
China	\$5,099,835	24
Romania	\$2,988,948	19
Russia	\$2,554,914	21
Afghanistan	\$2,290,593	14
Africa/Middle East Regional	\$2,012,467	19
Peru	\$1,873,830	8
Thailand	\$1,712,800	11
Serbia & Montenegro	\$1,676,285	9
Eurasia Regional	\$1,641,256	11
Egypt	\$1,631,000	9

### **Top Five Sectors in FY 2005**

Sector	Funding Amount	Number of Activities
Transportation	\$13,367,342	75
Energy & Power	\$10,799,517	62
Services	\$7,091,394	43
Mining & Natural Resources	\$6,587,928	27
Water & Environment	\$6,388,234	39

### **Top Five Sectors in FY 2004**

Sector	Funding Amount	Number of Activities
Transportation	\$16,508,766	99
Energy & Power	\$8,302,079	56
Services	\$8,151,868	47
Water & Environment	\$5,922,399	41
Mining & Natural Resources	\$4,146,391	23

### **Top Five Sectors in FY 2003**

Sector	Funding Amount	Number of Activities
Transportation	\$13,933,433	94
Energy	7,125,246	59
Telecommunications	6,991,871	42
Water & Environment	5,489,900	36
Services	5,011,167	45

## **PERFORMANCE MEASUREMENTS**

Since the implementation of the agency's PART standard, USTDA has made great strides in achieving its performance measures and in FY 2005 received an overall rating of effective. More importantly, USTDA's early evaluation of projects based on those standards has shown success well beyond the agency's established performance metrics. In FY 2005, a review of all USTDA assistance resulted in 87 new activities producing over \$2 billion in U.S. exports. Specifically, 42 percent of projects evaluated in 2004-2005 produced identifiable and measurable results (infrastructure, technology transfer, human capacity building and/or market-oriented reforms). In addition, over 50 percent of fully implemented feasibility studies and technical assistance projects produced infrastructure and/or technology transfer/productivity improvements and more than 25 percent achieved human capacity building and market-oriented reforms.

In addition, USTDA has actively sought other avenues that have assisted countries with economic development. Specifically, USTDA's Office of Evaluations and the agency's independent evaluations contractor identified three areas that show recurring evidence that USTDA plays a pivotal role in ongoing trade capacity building efforts and economic development. In their most recent QED report, the evaluators identified USTDA's role in: facilitating communications between project stakeholders that resulted in conflict reduction; improving host country revenue and access to financing; and improving safety as a result of better technology and management techniques.

During FY 2007, USTDA will continue to introduce a broad range of U.S. firms to a variety of commercial opportunities in the developing world. Beyond continuing the commercial success of the USTDA program, the agency will continue to both support projects that fall within the identified developmental indicators, as well as seek out projects that have ancillary benefits to the host country and support the Administration's agenda.

Using these performance measurement metrics, USTDA establishes the following goals for FY 2007:

<b>Measurement</b>	<b>Performance Goal</b>
Export Multiplier	Over \$37.50 in U.S. exports for every dollar invested in USTDA activities
Hit Rate	Over 35% of USTDA activities will result in U.S. exports

### **How are the Export Multiplier and Hit Rate Derived?**

Beyond USTDA's developmental indicators, the agency maintains solid commercial impact indicators as measured by the hit rate and export multiplier. After export data is collected for each USTDA funded activity, the export multiplier and hit rates are determined.

The export multiplier is defined by the dollar amount of U.S. exports that have been associated with USTDA core budget assistance to projects, divided by the dollar amount of USTDA core budget obligations. For the most recent ten-year period for which information is complete (1993-2002), USTDA has identified \$12.1 billion in exports from completed projects for which USTDA obligated \$283.4 million. This has resulted in an export multiplier of \$43.

The hit rate represents the proportion of USTDA activities for which the agency has identified exports. For the same ten-year period, 419 projects out of a total of 1,172 have produced exports, yielding a hit rate of 36%.

Hit Rate:  $\frac{419}{1172} = 36\%$

<b>Year</b>	<b>Hit Rate</b>	<b>Multiplier</b>
<b>2001</b>	37%	\$35
<b>2002</b>	37%	\$35
<b>2003</b>	35%	\$35
<b>2004</b>	36%	\$36
<b>2005</b>	36%	\$43
<b>2006</b>	<b>35%*</b>	<b>\$35*</b>
<b>2007</b>	<b>35%*</b>	<b>\$37*</b>

\*Indicates a performance measurement goal

## **TRANSFER FUNDS**

USTDA has received transfer funds from other agencies for many years to support particular regions, countries or sectors. These funds supplement the agency's core program budget, allowing USTDA to engage in areas of particular interest to the Administration such as Eastern Europe and the former Soviet Union. Typically, these funds support countries and regions that are especially risky for U.S. private sector involvement, but that would benefit tremendously from such participation.

It is difficult to predict with certainty the level of funding USTDA will receive in transfers in FY 2006 and even more so in FY 2007. Currently, about two-thirds of USTDA's activities in Central and Eastern Europe and the former Soviet Union are funded under the Support for Eastern Europe Democracy Act (SEED) and the Freedom Support Act (FSA). While USTDA has demonstrated its ability to effectively program transfer funds in targeted regions, thereby spurring increased U.S. private sector interest in a region, transfer funds are decreasing overall and are becoming more sporadic. This decrease is reflected in USTDA's decision to merge its Europe and Eurasia regions as part of the regional reorganization plan that was implemented at the start of FY 2005. Nevertheless, the agency continues to have a critical role to play in both sub-regions, as these countries transition from aid-based to market-based development. The following table presents the level of transfer funds USTDA has received since FY 2001.

## **I. EXECUTIVE SUMMARY**

The U.S. Trade and Development Agency (USTDA) has a long and successful record as a results-driven agency with the ability to act quickly and effectively to advance United States trade and foreign policy initiatives. The Administration's fiscal year (FY) 2008 budget request for USTDA is \$50.4 million. This request will allow the agency to continue to support regional and sectoral priorities consistent with the Administration's trade policy, development, and export agendas. Fully funding the Administration's request will provide USTDA the ability to support programs that: build the infrastructure for development; support U.S. trade policy; enhance global energy security; and strengthen transportation safety and security.

USTDA's strategic use of foreign assistance funds creates an enabling environment for trade, investment, and sustainable economic development. Through various forms of technical assistance and capacity-building activities, USTDA's programs help countries better define their developmental priorities while injecting market-based principles into their implementation. The agency's activities develop trade partnerships by enhancing the ability of U.S. firms to conduct business overseas. USTDA's programs help to identify and prepare projects for implementation that will establish the infrastructure necessary for economies to expand, and create opportunities for U.S. companies.

In FY 2006, trade capacity building was a critical element of USTDA's program, representing nearly one-half of the agency's total funding. USTDA's trade capacity building activities support U.S. government policy, effective economic development, and overseas U.S. business and trade interests. The Agency's trade work specifically targets U.S. foreign policy priorities, such as support for trade agreements, supply chain and transportation security, and programs in the Middle East. Through these and other activities, USTDA-funded projects produce positive development benefits and have generated over \$27 billion in U.S. exports since the creation of USTDA in 1981.

## **II. FY 2008 BUDGET REQUEST AND JUSTIFICATION**

The Administration's request of \$50.4 million for FY 2008, maintains the Agency's ability to spur economic development and advance U.S. commercial interests in developing and middle-income countries. This level of appropriation represents a level budget request based on FY 2006 and FY 2007 enacted amounts.

	FY 2005	FY 2006	FY 2007	FY 2008
Enacted Amount	\$51,088,000	\$50,400,000	50,400,000	50,400,000*
Percentage Change From Prior Year Enacted	--	.99%	0%	0%

\* Administration's FY 2008 Budget Request

### BUDGET HISTORY TABLE

Fiscal Year	Request	Appropriation	Carryover from Prior Year	Available for Obligation	Obligated
FY 2000	48,000,000	43,833,000	5,763,000	49,596,000	38,353,000
FY 2001	48,000,000	49,890,000	11,243,000	61,133,000	44,514,000
FY 2002	50,000,000	50,019,000	16,619,000	66,638,000	64,979,000
FY 2003	44,700,000	46,706,000	1,659,000	48,365,000	47,723,000
FY 2004	60,000,000	49,707,000	642,000	50,349,000	48,913,000
FY 2005	50,000,000	51,088,000	1,436,000	52,524,000	49,827,000
FY 2006	48,900,000	50,400,000	2,697,000	53,088,000	51,744,000
FY 2007	50,300,000	50,400,000	1,344,000	51,744,000	
FY 2008	50,400,000				

The Administration's FY 2008 budget request encompasses USTDA's assistance programs that support key trade and foreign policy objectives including: 1) building the infrastructure for development by providing early investment analysis, which leads to the implementation of major infrastructure projects; 2) providing technical assistance to facilitate the Administration's trade policy priorities identified during bilateral and multilateral negotiations; 3) enhancing global energy security by helping to identify, develop, and transport to market new oil and gas reserves and stimulate development of alternative fuels; and 4) strengthening transportation safety and security to build capacity to comply with international standards.

### **III. FY 2008 PROGRAM PRIORITIES**

#### **Building the Infrastructure for Development**

There is a fundamental connection between infrastructure and development as there is between trade and investment. Integrating developing and middle-income countries into the global trading environment and sustaining the flow of goods and services to and from international markets requires investing in economic assets in energy and power, information and communication technology, transportation, and the environment. The essential foundation for broad-based and sustained economic growth must also include the development of a financial services sector and the adoption of an appropriate legal and regulatory environment to support investment in infrastructure development. To facilitate this investment, developing and middle-income countries have a tremendous need for developmental assistance to ensure favorable climates for international trade and investment and, ultimately, for their economic growth and development.

Among U.S. government agencies, USTDA is at the forefront of providing targeted trade capacity-building assistance and helping to create emerging market infrastructures that facilitate trade. Applying private sector solutions to development challenges is both an agency trademark and a proven solution to infrastructure development.

### *Core Trade Infrastructure Activities*

- Since 2002, USTDA activities in Afghanistan have helped to create a foundation for economic activity and infrastructure for trade. Our early activities led to investments by U.S. companies in hotel and aviation projects, and the establishment of an American University in Afghanistan. Other USTDA activities include: technical assistance that launched a new cellular telephone and satellite-based communications network; and early investment analysis resulting in the implementation of a fiber optic backbone project.
- USTDA has implemented financial services sector development activities in markets that include China, India, Mexico, Pakistan and Vietnam. Areas of technical assistance and training include secondary mortgage market development, expanding the application of information and communication technologies, housing finance reform, venture capital market development, sovereign financing, and prudent lending practice in the banking sector.
- In Namibia, USTDA is supporting the development of the TransKalahari trade corridor through a regional public-private partnership. The agency funded the development of investment recommendations and a business plan for a multimodal system to increase trade between Namibia and Botswana and the rest of the world, as well as procurement assistance for the selection of a private logistics management firm.

### Supporting U.S. Trade Policy

U.S. companies face unfair foreign competition and numerous trade barriers that limit their ability to succeed abroad. These capacity constraints also limit a country's ability to grow and serve as disincentives to U.S. investment and business. USTDA coordinates with its U.S. government and private sector partners and dedicates significant resources to support programs and strategies to confront these barriers, facilitate U.S. market access, and promote U.S. trade policy.

Trade capacity building is an important and growing program activity for USTDA, representing nearly one-half of USTDA's FY 2005 and 2006 budget allocations. In partnership with the Office of the U.S. Trade Representative (USTR), the focus in FY 2008 will be on encouraging countries to comply with their commitments to free and open trade. In key markets such as Brazil, China, and India, USTDA will address barriers for U.S. companies, such as inadequate intellectual property rights (IPR) enforcement, irregularities in customs valuation, and standards and other technical barriers to trade.

### *Intellectual Property Rights Protection*

- In Brazil, USTDA formed a public-private partnership with the American Chamber of Commerce in São Paulo to support an IPR training program for São Paulo state IPR enforcement officers. This partnership will support Brazil's efforts to comply with its obligations

*under the World Trade Organization Agreement (WTO) on Trade Related Intellectual Property.*

- *Recognizing the challenges of IPR protection in China, USTDA supported a training program for Chinese customs officials on methods and techniques to identify counterfeit and pirated goods. This assistance also included the development of an IPR protection course curriculum at China's Shanghai Customs College. Integral in the development of this program was Microsoft, General Motors, Nike, NBA Apparel, and the Motion Picture Association of America.*

### Enhancing Global Energy Security

Energy security and natural resource development have gained increased global attention in light of growing demand, and the consequent rise in fuel and energy costs. Developing and middle-income economies are among the most effected, as their ability to sustain broad-based development depends on access to affordable energy resources. At the same time, U.S. energy security is strengthened by diversifying our sources of oil and gas supply.

USTDA has long recognized the integral role of energy security and natural resource development to a county's potential for economic growth. The agency has always prioritized energy security as a core sector in its global development assistance strategy, and we anticipate strong demand in FY08 for investment in this sector.

### *Promoting Clean Power Development and U.S. Exports*

- *Integrated coal gasification-combined cycle (IGCC) power generation is a high-tech, low polluting technology for which the United States is a recognized leader. Many developing and middle-income countries burn coal to meet their electric power needs. USTDA is helping several countries to consider IGCC technology, due to its efficiency and cost effectiveness.*
- *USTDA is helping Botswana, India, and Ukraine to explore the feasibility of coal bed methane use to meet growing domestic and regional demand for a low cost, environmentally clean and efficient fuel for producing electricity and for use as a feedstock for various industrial processes.*
- *In Romania, USTDA is sponsoring an investment analysis and plan for the City of Iasi to convert its CET 1 plant to a gas turbine-based combined heat and power generating plant. The study will outline options for installing new, more efficient heat and power technologies and provide guidelines for the city to establish a power plant ownership structure based on a public-private partnership model.*
- *USTDA is funding early investment analyses to develop geothermal power plants in Ethiopia, Hungary, and Indonesia. These projects will help each country to develop reliable and environmentally sound means for power generation.*

Over the last several years, developing country requests for USTDA early project investment analysis assistance have increased significantly. Examples include Jordan's consideration of a large investment in oil shale, new pipeline routing in Central and South Asia to foster security and the delivery of supplies, China's investments in gas technology and methane extraction, and Nigeria's new investments in gas technology. Additionally, USTDA is a supporting agency of the Methane-to-Markets Partnership and the Asia Pacific Partnership for Clean Development and Environment.

### **Strengthening Transportation Safety and Security**

Given the significance of transportation in every trade and investment decision, this sector has become the largest single sector of activity for USTDA. The agency's investments have covered the port, rail, and aviation sub-sectors. These include examining intelligent transportation systems, satellite-based air traffic management, high-tech safety and security technology, and regional infrastructure planning. Security considerations are now an integral part of almost all of the agency's transport sector activity. Safe, secure and efficient transportation systems are also essential elements of any country's development strategy.

Through the support of viable project activities, USTDA has been instrumental in raising the profile of U.S. government transportation safety and security priorities in regional discussions, such as the Asia-Pacific Economic Forum, the Security and Prosperity Partnership of North America, and African regional forums.

### ***Strengthening Emerging Market Transportation Infrastructure***

- *USTDA is funding technical assistance to develop a comprehensive plan for modernizing the infrastructure and operations at the Port of Cortes in Honduras. This project will fortify an important trade corridor for Honduras, Nicaragua, El Salvador, and Guatemala, as well as support the surrounding infrastructure for the port's participation in the U.S. government's Container Security Initiative.*
- *In China, USTDA formed a public-private partnership with over 20 leading U.S. industry aviation sector companies to promote beneficial trade and cooperation in aviation standards and air safety practices for China's rapidly growing aviation market. The program links the U.S. and Chinese governments and aviation industries in a multi-faceted program to promote technical, policy and commercial cooperation between the Chinese and U.S. aviation sectors. Due to its overwhelming success, USTDA is seeking to replicate this initiative in India.*
- *In cooperation with the Transportation Security Administration, USTDA supported a series of global training sessions designed to promote aviation security quality control in Latin America, Central Europe, the Middle East/North Africa, Sub-Saharan Africa, and Asia. The program helped to enhance and standardize quality control across these regions.*

#### **IV. FY 2008 – SPECIAL INITIATIVES**

USTDA's foreign assistance activities have generated measurable commercial and developmental benefits worldwide. However, the growing demand by our domestic and overseas partners for essential trade capacity, technical assistance, and trade policy support have created the following anticipated program requirements:

##### *Trade Policy and Market Access Support*

FY2008 will be a critical year for ensuring the success of bilateral and regional trade negotiations as multilateral efforts encounter limited progress. There will be growing demands for USTDA program activities to support trade agreement negotiations and compliance. Several major USTDA initiatives, such as the Aviation Cooperation Program and the Agricultural Biotechnology Initiative in China, have demonstrated how the agency can effectively support U.S. trade policy goals. The consequence of this success has been the unprecedented interest by U.S. and foreign government trade officials and the U.S. private sector to replicate and adapt these USTDA programs to additional markets. Areas of particular interest include support for:

- U.S.-India Commercial Dialogue
- Free Trade Agreement implementation for Central America – Dominican Republic, Colombia, Malaysia, and Peru
- U.S.-China Joint Commission on Commerce and Trade
- U.S.-Brazil Commercial Dialogue

##### *Ensuring Safe and Secure Trade*

Safety and security failures along a supply chain impede trade and economic development. To limit potential trade disruptions, USTDA has developed a wide range of unique partnerships harnessing both the policy priorities and the technical expertise of the U.S. government and private sector. USTDA will continue its focus on aviation safety and security to improve developing country integration into the global economy. USTDA is encountering significant demand to apply resources to the following transportation priorities:

- U.S.-India Aviation Cooperation Program
- Compliance with U.S. government, International Civil Aviation Organization, World Customs Organization, International Maritime Organization, and other multilateral security initiatives
- Support for multimodal transportation security initiatives, including end-to-end supply chain security

##### *Building Banking and Financial Sector Capacity*

In cooperation with the U.S. Department of the Treasury and private industry, USTDA supports a wide range of banking and financial sector development activities that are designed to create alternative means for infrastructure financing and improved resource accumulation and allocation in emerging markets. USTDA intends to expand its successful program for building banking and financial sector capacity to additional markets, with a focus on technical assistance and training in the following areas:

- Primary and secondary mortgage market development
- Core banking, cash management, and integrated financial management systems
- Venture capital, securities, and bond market development
- Sub-sovereign financing

### *Regional Integration Initiatives*

USTDA has the program tools to engage in bilateral, regional, and global development assistance activities, which distinguishes the agency from our U.S. government counterparts. USTDA has a record of success that includes bringing together government officials from India and Pakistan to focus on regional transportation initiatives of mutual benefit, supporting regional telecommunications policy and disaster management forums for Southeast Asia, and funding a global aviation security training initiative. As the agency has initiated new regional activities, it has experienced growing demand for program resources from the technical and policy agencies of the U.S. government, from multilateral development banks, and the U.S. private sector. Areas of particular interest for regional integration activities include:

- **Central America and Central Asia Infrastructure Integration Initiatives:** USTDA supports regional initiatives designed to create economic linkages through shared infrastructure priorities.
- **African Infrastructure/African Growth and Opportunity Act (AGOA):** The success of AGOA has been significant, yet more can be achieved beyond the textile and apparel sector. It is essential to invest in regional infrastructure capacity in order to ensure that the success achieved under the AGOA preference program are maintained and future opportunities exist for Sub-Saharan Africa's continued integration into the global economy.
- **Asia-Pacific Economic Cooperation (APEC):** USTDA support for APEC-related initiatives has helped to promote U.S. economic, transportation, security, and energy priorities.
- **Security and Prosperity Partnership of North America:** USTDA has promoted security and prosperity in the region through a series of transportation and security initiatives in Mexico, as well as through our on-going support for the Central America – Dominican Republic Free Trade Agreement.

### *Emergency Preparedness and Reconstruction*

USTDA has a successful record of providing U.S. technological and commercial solutions to post-disaster and post-conflict countries, such as flood control and management systems, emergency command and control centers, coastal management, and emergency communications systems. USTDA has already achieved important successes in Afghanistan and the Indian Ocean economies affected by the 2004 tsunami. The Administration's budget request will allow on-going project preparation assistance to help mitigate reconstruction costs and promote economic stabilization. Areas for expanded or new assistance activities would include:

- Middle East infrastructure stability activities for Lebanon and Iraq
- Coastal management and warning systems for Indonesia and Sri Lanka
- Environmental and public health emergency preparedness

## **V. PUBLIC-PRIVATE PARTNERSHIPS**

USTDA provides a bridge to U.S. technical know-how and experience for developing and middle-income countries. USTDA funds help identify and prepare projects for implementation that will establish the infrastructure necessary for economies to expand. At the same time, the Agency's activities develop trade partnerships by enhancing the ability of U.S. firms to conduct business overseas.

In carrying out its program, USTDA leverages the resources of the U.S. private sector to advance the foreign policy priorities of the Administration by creating long-term commercial relationships between the private and public sectors of the United States and its partners in the developing world.

Since its inception, USTDA has promoted public-private partnerships. The hallmark of USTDA development assistance has always involved building bridges between U.S. companies and overseas project sponsors – bringing proven private sector solutions to development challenges. USTDA's technical assistance and investment analysis programs take advantage of the private sector's experience, technology, and ingenuity that are integral to development and project sustainability. The agency's program works best in countries that recognize the importance of private sector participation and a marketplace that respects the rule of law, fair competition, and open trade.

USTDA has helped launch international public-private partnerships in sectors including energy, environment, information and communication technology (ICT), and transportation. As nearly all of the agency's program activity is implemented using private sector expertise, USTDA places a special priority on those activities that forge lasting partnerships and collaboration between public and private entities. A successful public-private partnership is typically defined by one of the following elements:

- Shared ownership or management of an infrastructure project by a host country public sector/government entity and a private sector entity of the host country or the United States. This may include joint ventures, build-operate-transfer projects, and similar arrangements.
- Development of enduring private sector-led activities, institutions, or associations that delivers technical, financial, and other forms of assistance to public sector entities in a host country.

USTDA takes proactive efforts to create public-private partnerships that facilitate a country's integration into the global trading environment, promote sustainable economic and social development, and link U.S. private sector solutions to development challenges. Notable recent examples include:

**Jinja-Njeru Public-Private Partnership Water and Wastewater Project**

USTDA is supporting early investment analysis that will examine public-private partnership options for water and wastewater treatment in the Jinja and Njeru municipalities in Uganda. The project is expected to have strong development and environmental components and may serve as a model for other similar projects in Uganda and throughout the region. The project sponsor is Uganda's Ministry of Water, Lands, and Environment.

**Blocks B and 52 Gas Pipeline Project**

USTDA and Unocal Corporation shared the cost of a study that assessed the financial and technical feasibility of a proposed gas pipeline project in the Gulf of Thailand. This investment analysis concluded in the formation of a joint venture arrangement for the project between private sector partners and Vietnam's state-owned oil company, PetroVietnam.

**U.S.-China Standards Cooperation Program**

Both China and the United States share an interest in ensuring that China adopts transparent product and services standards. USTDA, the U.S. Department of Commerce, the Government of China, and several U.S. standards associations are crafting a program to coordinate technical assistance for China through an umbrella organization that represents broader U.S. trade interests. The blueprint for this program would include USTDA grant funding, augmented with private sector technical and financial resources and membership fees that would enable a self-sustaining program.

The Agency uses various tools to facilitate U.S. business opportunities in the international marketplace. This support comes in the form of technical assistance, feasibility studies, orientation visits, training grants and conferences. *Please see APPENDIX for more information regarding USTDA activity support.*

## **VI. MEASURING OUR RESULTS**

USTDA's unique dual focus on host country development outcomes and U.S. exports is reflected in the agency's methodology for measuring results. In cooperation with OMB, the agency has developed a system that quantifies both of these goals.

The agency measures results in two distinct ways in order to match the needs of developing economies with solutions from the U.S. private sector. To date, USTDA's program has contributed to over \$27 billion in U.S. exports. On an annual basis, the agency's level of commercial success is measured by the hit rate and multiplier. The percentage of projects which result in U.S. exports, or the hit rate, is 34.8%, while the dollar amount of U.S. exports generated for every dollar in agency funding, or the multiplier, is \$42.5. Both of these figures exceed PART goals, and reflect the agency's ability to promote fruitful long-term relationships between its grantees and the U.S. private sector.

In the area of development, USTDA has established four categories to measure long-term outcomes. These include: infrastructure; technology transfer/productivity; human capacity building; and market-oriented reform. In addition to the development categories established in the PART process, the USTDA program also leads to expanded trade capacity, as well as building, health, safety, and other benefits that are recognized in both internal and external evaluations. Under the PART framework, USTDA continues to gather data and will report in FY 2009 on the results of its developmental indicators.

During FY 2008, USTDA will maintain its commitment to matching the abilities and technologies of U.S. businesses with the needs and priorities of developing countries. In addition to providing commercial opportunities to U.S. firms, the agency will continue to support projects that can achieve the development benefits discussed above, as well as projects that will have ancillary benefits to the host country and support the Administration's agenda.

### ***How are the Export Multiplier and Hit Rate Derived?***

The export multiplier is defined by the dollar amount of U.S. exports that have been associated with USTDA core budget assistance to projects, divided by the dollar amount of USTDA core budget obligations. For the most recent ten-year period for which information is complete (1994-2003), USTDA has identified \$11.5 billion in exports from completed projects for which USTDA obligated \$270.3 million. This has resulted in an export multiplier of \$42.5.

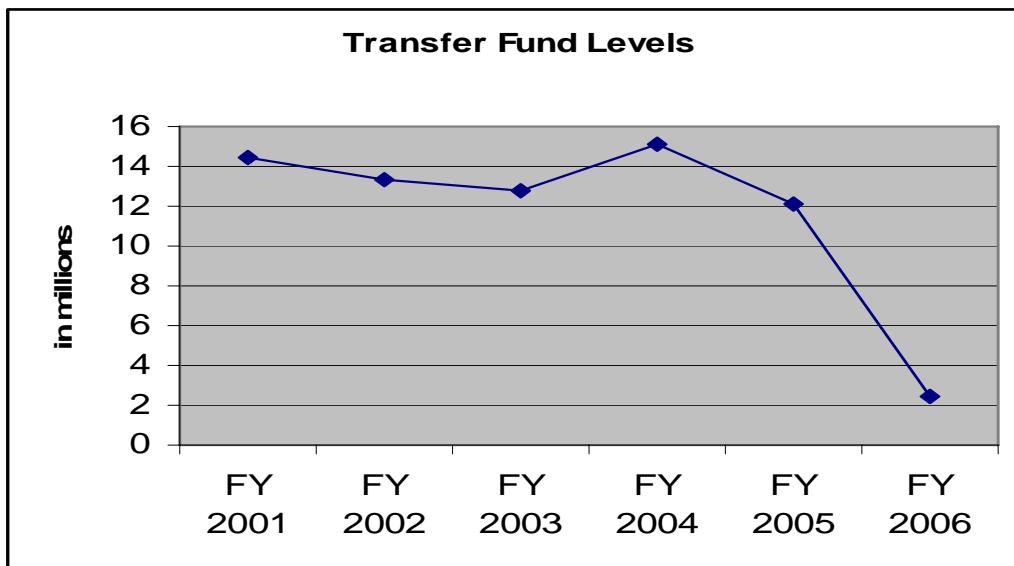
$$\begin{array}{rcl} \text{Export Multiplier:} & \$11.5 \text{ billion} & = \\ & \$270.3 \text{ million} & \end{array} \quad \$42.5$$

The hit rate represents the proportion of USTDA activities for which the agency has identified exports. For the same ten-year period, 413 projects out of a total of 1,188 have produced exports, yielding a hit rate of 34.8%.

$$\begin{array}{rcl} \text{Hit Rate:} & 413 & = \\ & 1,188 & \end{array} \quad 34.8\%$$

## VII. TRANSFER FUNDS

USTDA has received transfer funds from other agencies for many years to support particular regions, countries or sectors. These funds supplement the agency's core program budget, allowing USTDA to engage in areas of particular interest to the Administration such as tsunami reconstruction, Iraq and Afghanistan rebuilding and, Eastern Europe and the former Soviet Union. Typically, these funds support countries and regions that are perilous for U.S. private sector involvement, but that would benefit tremendously from such participation. As seen in the table below, the staple of transfer funds over the years have come from FSA and SEED funding. However, as the subject countries have progressed economically the total economic support funds committed to those regions have dropped substantially. In addition, FY 2004 and 2005 received non-recurring transfers (Iraq/Afghanistan/tsunami) that heavily skewed upwards the total funds available to the agency.



**TRANSFER FUND TABLE**  
(\$ in millions)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
SEED	6.5	7.6	6.0	3.5	1.6	.425
FSA	6.9	5.0	6.5	3.1	2.5	1.98
Iraq	-	-	-	5.0	2	-
Afghanistan	-	-	-	3.5	-	-
Sub-Saharan Africa	1.0	.7	.3	-	-	-
Tsunami	-	-	-	-	6	-
<b>TOTALS</b>	<b>14.4</b>	<b>13.3</b>	<b>12.8</b>	<b>15.1</b>	<b>12.1</b>	<b>2.405</b>

### VIII. TOP COUNTRIES AND SECTORS FOR FY 2006

In FY 2006, USTDA funded 268 activities including: 99 desk studies and definitional missions; 91 technical assistance activities; 40 feasibility studies; 12 conferences; 7 trade-related training programs; and 19 orientation visits. These activities focused on 50 countries within Eurasia, Asia, Central and Eastern Europe, Latin America, the Caribbean, Africa, and the Middle East. The following tables show the top ten countries and top five sectors where USTDA provided assistance in FY 2006, FY 2005, and FY 2004:

**Top Ten Countries in FY 2006**

Country	Funding Amount	# of Activities
China	\$4,650,209	17
India	\$3,054,427	11
Mexico	\$2,943,489	6
Nigeria	\$2,544,713	8
Colombia	\$2,463,112	7
Sub-Saharan Africa Regional	\$2,408,907	25
Vietnam	\$2,269,963	10
Brazil	\$2,234,516	10
Morocco	\$2,122,584	4
Romania	\$1,879,293	8

**Top Ten Sectors in FY 2006**

Sector	Funding Amount	# of Activities
Transportation	\$11,764,814	55
Energy & Power	\$11,513,223	51
Services	\$7,350,139	38
Water & Environment	\$4,965,079	28
Telecommunications	\$3,308,777	21

**Top Ten Countries in FY 2005**

Country	Funding Amount	# of Activities
China	\$4,783,258	26
Afghanistan	\$3,965,181	13
Indonesia	\$3,744,995	12
Thailand	\$3,352,664	16
Sri Lanka	\$2,769,300	8
Sub-Saharan Africa Regional	\$2,526,414	21
Mexico	\$2,458,415	11
Iraq	\$2,276,319	7
Peru	\$2,153,001	6
Azerbaijan	\$1,738,793	5

**Top Ten Sectors in FY 2005**

Sector	Funding Amount	# of Activities
Transportation	\$13,367,342	75
Energy & Power	\$10,799,517	62
Services	\$7,091,394	43
Mining & Natural Resources	\$6,587,928	27
Water & Environment	\$6,388,234	39

**Top Ten Countries in FY 2004**

Country	Funding Amount	# of Activities
Iraq	\$5,415,851	15
China	\$2,984,438	23
Afghanistan	\$2,544,001	12
Azerbaijan	\$2,365,879	5
Serbia & Montenegro	\$2,339,625	10
Indonesia	\$2,334,906	9
Romania	\$2,160,717	10
India	\$1,530,079	8
Egypt	\$1,464,257	10
Mexico	\$1,352,296	11

**Top Ten Sectors in FY 2004**

Sector	Funding Amount	# of Activities
Transportation	\$16,508,766	99
Energy & Power	\$8,302,079	56
Services	\$8,151,868	47
Water & Environment	\$5,922,399	41
Mining & Natural Resources	\$4,146,391	23

## **IX. OPERATING EXPENSES**

USTDA's operating expense (OE) budget request is \$11.6 million. This amount will enable the agency to meet its responsibilities in four critical areas:

- Meeting increased federal requirements for information technology (IT) security, internal controls, and privacy protection;
- Maintaining the IT and financial system improvements that were instituted in FY 2005 and FY2006;
- Funding the agency's strong evaluation and audit programs; and
- Implementing a human capital development program with increased training in key areas.

USTDA sets its OE priorities to adequately support the identified program needs. This will help ensure that the necessary resources are available to attain the agency's development and trade assistance goals, as well as satisfy U.S. government-wide requirements.

## **X. DE-OBLIGATION / RE-OBLIGATION AUTHORITY**

USTDA requests that Congress insert the addition of “, Section 661,” after “chapters 1, 8, 11, and 12 of Part I,” to Section 511 contained in the General Provisions of the Foreign Assistance Act of 1961, as amended. By including this language, USTDA will be provided the flexibility necessary to reprogram funds that were previously obligated but not fully expended. Although the need to use this authority is not common, given the difficult markets and ever-changing political landscape within which USTDA operates overseas, the ability to reprogram funds will enable USTDA to ensure the appropriated funds are used for their designated purpose. This authority would not create new future outlays and is the direct outcome of close oversight of activities funded by USTDA to ensure that taxpayers funds are used for the highest and best use. Over the past five years, de-obligated funds have averaged \$2.66 million annually.

## **XI. REPRESENTATIONAL FUNDS**

USTDA requests a representational fund level of \$5,000 in FY 2008.



The U.S. Trade and Development Agency (USTDA) advances economic development and U.S. commercial interests in developing and middle income countries. The agency funds various forms of technical assistance, early investment analysis, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment.

USTDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development. Operating at the nexus of foreign policy and commerce, USTDA is uniquely positioned to work with U.S. firms and host countries in achieving the agency's trade and development goals. In carrying out its mission, USTDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services.

## **I. EXECUTIVE SUMMARY**

The U.S. Trade and Development Agency (USTDA) has a long and successful record as a results-driven agency with the ability to act quickly and effectively to advance United States trade and foreign policy initiatives. The Administration's fiscal year (FY) 2009 budget request for USTDA is \$50.8 million. This request will allow the agency to continue to support regional and sectoral priorities consistent with the U.S. government's trade policy, development, and export agendas. Fully funding the Administration's request will provide USTDA the ability to support programs that: promote global energy security; invest in programs that promote cutting-edge environmental technologies; ensure secure and safe trade; enhance regional integration initiatives; and build the infrastructure for development and support U.S. trade policy.

USTDA's strategic use of foreign assistance funds creates an enabling environment for trade, investment, and sustainable economic development. Through various forms of technical assistance and capacity-building activities, USTDA's programs help countries better define their developmental priorities while injecting market-based principles into their implementation. The agency's activities develop trade partnerships by enhancing the ability of U.S. firms to conduct business overseas. USTDA's programs help to identify and prepare projects for implementation that will establish the infrastructure necessary for economies to expand, and create opportunities for U.S. companies. To date, USTDA-funded projects have produced positive development benefits, which have generated over \$28.6 billion in U.S. exports since the creation of USTDA in 1981.

## **II. FY 2009 BUDGET REQUEST AND JUSTIFICATION**

The Administration's request of \$50.8 million for FY 2009, maintains the agency's ability to spur economic development and advance U.S. commercial interests in developing and middle-income countries. This level of appropriation represents an increase of \$400,000 over the FY 2008 requested and enacted levels.

BUDGET HISTORY TABLE  
FY 2001 – FY 2009

Fiscal Year	Request	Appropriation	Carryover from Prior Year	Available for Obligation	Obligated
FY 2001	48,000,000	49,890,000	11,243,000	61,133,000	46,349,000
FY 2002	50,000,000	50,019,000	16,619,000	66,638,000	65,912,000
FY 2003	44,700,000	46,706,000	1,659,000	48,365,000	49,208,000
FY 2004	60,000,000	49,705,000	578,000	50,283,000	50,586,000
FY 2005	50,000,000	51,088,000	1,436,000	52,524,000	51,159,000
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	
FY 2009	50,800,000				

The Administration's FY 2009 budget request encompasses USTDA's assistance programs that support key trade and foreign policy objectives including: 1) promoting projects that stimulate the development of alternative fuels, deploy technologies that promote the clean and efficient use of resources, and improve energy efficiency; 2) applying environmental technologies in areas such as water treatment, air quality, and hazardous waste management; 3) ensuring secure and safe trade in the aviation, rail, and maritime transport sectors; 4) enhancing regional integration initiatives that support program activities which advance bilateral, regional, and global development assistance activities; 5) building the infrastructure for development; and 6) supporting U.S. trade policy.

**Promoting Global Energy Security:**

In FY 2009, USTDA will invest a considerable amount of funding in projects that stimulate the development of alternative fuels, deploy technologies that promote the clean and efficient use of resources, and improve energy efficiency. A centerpiece of USTDA's global energy security strategy includes the development of renewable and other alternative energy sources. To address some of the resource and capacity constraints, USTDA will continue its support of the Methane to Markets Partnership and Asia Pacific Partnership on Clean Development and Climate (APP).



Demonstrating the growing cooperation between the U.S. and Chinese energy sector interests targeted under the Asia Pacific Partnership on Clean Development and Climate (APP), a \$500,000 USTDA grant to a Chinese coal mining group leveraged \$120 million of investment to build the largest coal mine methane-powered facility in the world. This facility will eliminate the equivalent of one million cars' annual emissions, and use state-of-the art equipment from Caterpillar.

In addition, USTDA will prioritize early investment analysis and technical assistance designed to identify, develop, and transport to market new oil and gas reserves. This focus on getting to market new oil and gas supplies will ultimately lead to a greater diversification of sources of supply thereby supporting the Administration's commitment to make the United States less dependent on the Middle East for oil and gas. In addition, refinery capacity is constrained, and many countries eligible for USTDA assistance are now planning upgrades of old refineries or new Greenfield refineries. USTDA has an important role in strengthening and expanding the oil and gas infrastructure of our allies to ensure a stable source of supply from around the world. Similar to oil and gas, worldwide demand for power generation is growing rapidly. This accelerated growth is seen throughout developing and middle-income countries as local economies are growing and the infrastructures to support those economies take shape. Important to this effort is the ability of USTDA to provide support for the U.S. technical expertise to relieve these capacity constraints.

The agency's commitment to the energy and power sector has increased each year since FY 2004, and in FY 2007 represented nearly one-quarter of total program obligations. Funding at the requested level will allow the agency to address the development opportunities that are present around the world.

In FY 2009, USTDA plans activities in the following areas:

- Promoting energy security through energy efficiency, to reduce energy demand and reliance on energy imports.
- Assisting countries in utilizing their indigenous energy resources, such as wind, solar, geothermal, and other renewables, through investment analysis and development of a policy framework to encourage investment in renewables.
- Supporting energy security of countries around the world through feasibility studies aimed at the construction of alternatives means to importing oil and gas.

#### Promoting Environmental Technologies:

The agency has witnessed several growing trends in the environmental sector that are generating increased demand for USTDA's services. In particular, water scarcity has forced many governments to prioritize efficiency and improved access to water and wastewater treatment. Reducing greenhouse emissions is another area where developing and middle-income countries are seeking improved technological solutions and cooperation with USTDA.

In support of these priorities, USTDA is connecting U.S. firms with overseas project sponsors to achieve important environmental objectives in areas such as water treatment, air quality, and hazardous waste management. Moreover, USTDA is working with numerous countries to apply environmental technologies in order to promote greater sustainable development.



A USTDA-funded technical analysis in Panama led to the expansion of an existing potable water facility and construction of a second aqueduct to a new water storage tank on the outskirts of Panama City. Developmentally, this project has helped expand water production to 250 million gallons a day and improved access to water for over 900,000 Panamanian citizens who were previously underserved. Over \$33 million in U.S. goods and services have been procured to facilitate the project's implementation.

The availability of project implementation financing is especially critical to the successful implementation of environmental sector projects. In FY 2009, USTDA anticipates that the demand for environmental sector assistance will require the continuation of the agency's historical commitment in the sector to address a mounting global trend.

In FY 2009, USTDA plans activities in the following areas:

- USTDA will promote U.S. environmental technologies with overseas project sponsors in areas such as water treatment, air quality and hazardous waste management with a particular focus on cross-sector projects (i.e., various industrial sectors that create a demand for environmental technologies) as a way of leveraging U.S. capabilities in environmental technologies.

#### Ensuring Secure and Safe Trade:

Ensuring secure and safe trade is not just vital to the well-being of the United States – it is an essential factor in the economic health and growth potential of our developing and middle-income trading partners. USTDA will give priority to assisting developing and middle-income countries comply with international safety and security regulations in aviation, rail, and maritime transport. This assistance is deemed vital for such countries to grow and remain competitive in international trade, as it supports the movement of people and goods by reducing security and capacity constraints. USTDA's assistance is focused in particular on the harnessing of new technologies and best practices for passenger and cargo facilitation.



USTDA's Global Customs Initiative was announced at the 17<sup>th</sup> APEC Forum Summit in Hanoi, Vietnam, to address critical customs training needs in developing and middle income countries. This public-private sector initiative is designed to proactively engage countries on customs matters where U.S. trade interest is strong. The program is addressing port and supply chain security, IPR licensing and enforcement, anti-counterfeiting and anti-piracy measures, customs valuation, rules of origin, and compliance with bilateral and multilateral agreements. The program will commence with a series of senior-level policy dialogues.

U.S. rules regarding the protection of shipments into the United States have forced foreign operators and shippers to conform to U.S. and international requirements related to customs and port security. The significant global increase in the volume of container goods transported each year, as well as changing security and customs regimes, are resulting in many port modernization and expansion projects in USTDA-eligible countries. Secure ports and effective customs administrations play a crucial role in ensuring the security of the supply chain.



In 2006, the Port of Cortés in Honduras became the first port in Central America to be certified by U.S. Customs and Border Protection under the Container Security Initiative (CSI), which is designed to increase security for containerized cargo shipped to the United States. This designation followed a USTDA-funded technical assistance program to the Honduran national port authority, Empresa Nacional Portuaria (ENP), to help modernize the Port's operations and enable Honduras to benefit from the provisions of the U.S.-Central America Free Trade Agreement.

USTDA will focus program resources in several distinct project and technical assistance areas designed to promote both U.S. policies and international organization standards for secure trade and safe and secure transportation services. These include activities in customs and air transportation sectors focused on a number of key U.S. trade relationships.

- Global Customs Initiative: USTDA will emphasize customs modernization programs in numerous important trading partner countries, especially in Southeast Asia and Latin America, where significant investments are being planned in customs systems and practices. Pilot projects to demonstrate customs single window practices, training in electronic clearance operations, and technical assistance in intellectual property protection are expected to feature. USTDA projects will be designed to support U.S.-endorsed global trade initiatives including the World Customs Organization (WCO) Framework to Facilitate and Secure Trade and the U.S. Customs-Trade Partnership Against Terrorism (CT-PAT).
- Aviation Cooperation: Transportation safety and security are critical to efficient trade, and initiatives particularly in the aviation sector will feature in USTDA programs in numerous countries and regions. USTDA will continue to lead and expand its signature aviation cooperation programs in India and China, leveraging private sector and host country resources with limited USTDA resources to help modernize air traffic systems and safety oversight in these rapidly expanding aviation markets.

### **Enhancing Regional Integration Initiatives:**

USTDA has the program tools to engage in bilateral, regional, and global development assistance activities, which distinguishes the agency from many of our U.S. government counterparts. USTDA has a record of success that includes bringing together government officials from India and Pakistan to focus on regional transportation initiatives of mutual benefit, supporting regional telecommunications policy and disaster management forums for Central and Southeast Asia, and funding a global aviation security training initiative. As the agency has initiated new regional activities, it has experienced growing demand from U.S. private sector.

In FY 2009 USTDA plans to structure program activities that support the following regional integration activities:

- Africa Infrastructure / African Growth and Opportunity Act (AGOA)
- Regional Initiatives for Central America, Southeast Asia, and Central Asia
- Asia-Pacific Economic Cooperation (APEC)
- Security and Prosperity Partnership (SPP) of North America

### **Building the Infrastructure for Development:**



Construction is underway on the \$174 million San Bartolomé Silver Mine Project in Bolivia following USTDA cost sharing of a feasibility study with Coeur d'Alene Mine Corporation of Idaho. Coeur d'Alene has already procured U.S. equipment and services for this project, which is generating multiple development benefits for Bolivia, including local water and electrical infrastructure development; local employment generation and training; the transfer of advanced mineral processing technology; and environmental controls and remediation.

There is a basic connection between infrastructure and development, as there is between trade and investment. Integrating developing and middle-income countries into the global trading environment and sustaining the flow of goods and services to and from international markets require capital investments in the energy and power, information and communications technology, transportation, and environment sectors. USTDA has been particularly successful at helping countries to build new and maintain existing assets by providing access to U.S. technical expertise and leveraging implementation financing resources.



USTDA co-funded a study that helped the private operator of Mexico's northeastern rail line to construct and improve five intermodal terminals serving its rail operations. These terminals have reduced transit times, thereby enhancing Mexico's critical infrastructure to support trade. The development of Mexico's intermodal infrastructure has created demand for U.S. products, with the railroad procuring over \$150 million in equipment including intermodal cars, locomotives, reach stackers, fork lifts, and intermodal platforms thereby creating opportunities for U.S. companies to play a significant role in Mexico's ongoing economic development.

The essential foundation for broad-based and sustained economic growth must also include the development of a financial services sector and the adoption of an appropriate legal and regulatory environment to support investment in infrastructure development. These systems enable the U.S. private sector to export their goods and services with the knowledge that overseas economies are implementing good governance and transparent policies to support their ongoing economic growth. USTDA has funded banking and financial services activities that support the development of a modern infrastructure in markets that include China, India, Mexico, Nigeria, and Vietnam, for example. Areas of technical assistance and training have included expanding the application of information and communications technology, venture capital fund development, the structuring of sub-sovereign financing tools, and the formulation of transaction-specific financing mechanisms.



A technical assistance grant to NAFIN, Mexico's premiere development bank, helped to reorganize the funds of four Mexican development banks into one independent corporation known as the "Fund of Funds." This entity was successfully incorporated in March 2006, with each founding shareholder contributing venture capital/private equity now totaling \$135 million, with NAFIN expected to add \$250 million by 2012. Pooling funds into one entity will allow Mexico to leverage greater amounts of capital providing more opportunities for U.S. businesses.

In FY 2009, USTDA will continue to prioritize grant funding of similar early investment analysis, technical assistance, and other capacity building activities across all major infrastructure development areas.



A USTDA technical assistance grant to the State Oil Fund of Azerbaijan (SOFAZ) led to the establishment of an asset and risk management system for the country's oil-related revenue. SOFAZ selected the Bank of New York as the global custodian for its assets (now over \$2 billion) and Thomson Financial for its management systems. As a byproduct of this assistance, SOFAZ received the 2007 United Nations Public Service Award for Improving Transparency, Accountability and Responsiveness in the Public Service.

**Supporting U.S. Trade Policy:**

Trade capacity constraints limit a country's ability to grow and serve as disincentives to U.S. investment and trade. USTDA strives to promote positive policies and infrastructure creation in host countries through partnerships with the U.S. private sector. In doing so, USTDA prioritizes its assistance to countries that have demonstrated a commitment to address their capacity constraints and have taken steps to create an open and fair market. Similarly, as U.S. companies face foreign competition and numerous trade barriers that limit their ability to succeed abroad, USTDA coordinates with the U.S. government and private sector to dedicate significant resources to support programs and strategies to confront these barriers, facilitate U.S. market access, and promote U.S. trade policy. In this regard, USTDA continues to support programs that lead to enforcement of intellectual property rights and the development of commercial and industrial standards policy.



USTDA-funded technical assistance to Chile's National Customs Service is helping the Government of Chile to meet its obligations under the U.S.-Chile Free Trade Agreement. For instance, USTDA assistance is assisting in the development of regulations and the creation of a database system to facilitate the implementation of advance rulings and customs valuation for the Government of Chile. In addition, USTDA's program is providing training to Chilean Customs officers.

USTDA's continued funding of technical assistance and training to facilitate trade policy priorities remains an agency priority to ensure successful implementation of recently concluded free trade agreements. USTDA is best positioned to assist the Administration and development community with this effort through the agency's delivery of assistance both bilaterally and regionally.



Recognizing the challenges of IPR protection in China, USTDA partnered with the U.S. private sector in supporting a training program for Chinese customs officials on methods and techniques to identify counterfeit and pirated goods. This assistance included the development of an IPR protection course curriculum at China's Shanghai Customs College and substantial involvement by those companies and trade associations that are most negatively affected by the sales of counterfeit and pirated products.

Several major USTDA initiatives, such as the Aviation Cooperation Programs (ACP) and the agricultural biotechnology initiatives in India and China, have demonstrated how the agency can effectively support U.S. trade policy goals. As a result of this success numerous U.S. and foreign trade officials and the U.S. private sector have expressed a desire to replicate and adapt these USTDA programs in additional markets.

In FY 2009, USTDA plans activities in the following areas:

- A continued focus on projects that support economic development in countries that have signed free trade agreements with the United States. A particular focus will be given to assisting countries meet their commitments to opening their markets to U.S. goods and services.

### **III. PUBLIC-PRIVATE PARTNERSHIPS**

Developing and middle-income countries are seeking ways to advance economic and technical cooperation over traditional forms of donor aid. Over the past several years, requests for USTDA's commercially oriented assistance have grown significantly, particularly in light of the "Aid for Trade" discussions taking place in the World Trade Organization (WTO) and other development forums. Many countries realize that long-term economic growth is best attained by creating a favorable environment for trade and investment. While investing in infrastructure was once thought to be the exclusive domain of the public sector, today there is recognition that the private sector is able to provide essential services to the public at a lower cost and with greater efficiency. USTDA's program is an excellent vehicle for countries seeking U.S. industry commercial know-how, and needed joint venture or public-private sector cooperation, all of which create an environment that is more conducive to U.S. private sector involvement in development projects.

USTDA's program applies private sector solutions to developmental challenges, with public-private partnerships playing a central role in the delivery of foreign assistance. A hallmark of USTDA assistance is establishing the links between U.S. companies and overseas project sponsors. This is based on the proven model that demonstrates private sector experience, technology and ingenuity are integral to economic development and

sustainability. Integral to this model is the commitment by our overseas partners to enter into joint ventures/BOT projects and the development of a healthy and enduring private sector.



In April 2007, USTDA launched the U.S.-India Aviation Cooperation Program (ACP), a public-private partnership between USTDA, the U.S. Federal Aviation Administration, and U.S. aviation companies. The ACP will identify and support India's civil aviation sector modernization priorities and serve as a mechanism for Indian and U.S. civil aviation representatives to highlight areas for bilateral technical cooperation. This public-private partnership is modeled after USTDA's highly successful U.S.-China ACP, which has helped to create several hundred million dollars in contract opportunities for its U.S. member companies.

#### **IV. INTERAGENCY COORDINATION**

USTDA has expended considerable effort over the past several years to integrate itself into the interagency policy coordinating committees on international development and trade capacity building assistance. During this time, the agency has been recognized by the Office of the U.S. Trade Representative (USTR), Departments of State and Transportation, USAID, and others as a key partner at programming results-oriented assistance. In addition, USTDA is recognized for its distinct flexibility in funding immediate, unanticipated priorities in response to international events. Together, each agency has become more effective at identifying development priorities and gaps. This coordination has also helped to eliminate the potential for overlapping or redundant assistance among U.S. government agencies and other international donors, making USTDA's assistance more targeted and effective. USTDA also spends a great deal of effort coordinating its program activities with the technical agencies of the U.S. government, including Transportation, Energy, Homeland Security, and the Environmental Protection Agency, for example. To facilitate the implementation of USTDA-funded projects, the agency closely coordinates and shares project information with the Overseas Private Investment Corporation and the U.S. Export-Import Bank.

Through USTDA's leadership in interagency committees and working groups, the agency coordinates its program with other U.S. government entities to support a broad spectrum of international development and U.S. foreign policy initiatives. With our U.S. government partners, USTDA is able to broaden its network and capacity for identifying priority development projects throughout the world.

Examples of interagency cooperation include:

- Inter-Agency Committee on International Aviation Safety and Security (CIASS): As the lead agency, USTDA coordinates with the Federal Aviation Administration and Transportation Security Administration on identifying and supporting technical assistance in the area of aviation safety and security in developing countries.
- Trade Promotion Coordinating Committee: USTDA is a key partner in the TPCC program. From hosting quarterly TPCC training sessions to the active participation in strategic planning sessions for the President's Annual Export Strategy, USTDA plays an important role in advising TPCC members on areas of economic growth overseas and markets where U.S. government assistance would be best targeted.
- African Infrastructure/African Growth and Opportunity Act (AGOA): With a regional presence in Johannesburg, South Africa, USTDA is able to complement its Washington, D.C. area-based staff in making major contributions to U.S. government priorities established in the interagency AGOA working group.

## V. MEASURING USTDA'S RESULTS

USTDA's unique dual focus on host country development outcomes and U.S. exports is reflected in the agency's methodology for measuring results. In cooperation with OMB, the agency has developed a system that quantifies both of these goals.

USTDA's success in promoting U.S. exports is measured by the hit rate and multiplier. The hit rate, or the percentage of agency projects which resulted in U.S. exports in the most recent ten year period, is currently over 35%. The multiplier, or the amount of U.S. exports generated for every dollar in agency funding in the most recent ten year period, is currently 39. Since its inception in 1981, USTDA has contributed over \$28.6 billion in U.S. exports. These figures exceed established goals and reflect the agency's ability to match the needs of developing economies with solutions from the U.S. private sector.

The agency's impact overseas is measured through four development categories. Although not yet required to report the final results under the PART, the agency monitors the following four categories to assess the effectiveness of its program: infrastructure development, human capacity building/job creation, technology transfer and productivity improvements, and market-oriented reforms.

### *How are the Export Multiplier and Hit Rate Derived?*

The export multiplier is defined by the dollar amount of U.S. exports that have been associated with USTDA core budget assistance to projects, divided by the dollar amount of USTDA core budget obligations. For the most recent ten-year period for which information is complete (1995-2004), USTDA has identified \$11.2 billion in exports from

completed projects for which USTDA obligated \$287 million. This has resulted in an export multiplier of 39.

$$\text{Export Multiplier: } \frac{\$11.2 \text{ billion}}{\$287.0 \text{ million}} = 39.0$$

The hit rate represents the proportion of USTDA activities for which the agency has identified exports. For the same ten-year period, 423 projects out of a total of 1,197 have produced exports, yielding a hit rate of 35.3%.

$$\text{Hit Rate: } \frac{423}{1197} = 35.3\%$$

## **VI. OPERATING EXPENSES**

USTDA requests an operating expense (OE) budget of \$12.0 million for FY 2009. This amount will enable the agency to meet its responsibilities in four critical areas, including:

- Meeting increased federal requirements for information technology (IT) security, internal controls, and privacy protection;
- Maintaining the IT and financial system improvements that were instituted in FYs 2005 and 2006;
- Funding the agency's strong evaluation and audit programs; and
- Implementing a human capital development program with increased training in key areas.

USTDA sets its OE priorities to adequately support the identified program needs and to ensure that the necessary resources are available to attain the agency's development and trade assistance goals, as well as satisfy U.S. government-wide requirements.

## **VII. REPRESENTATIONAL FUNDS**

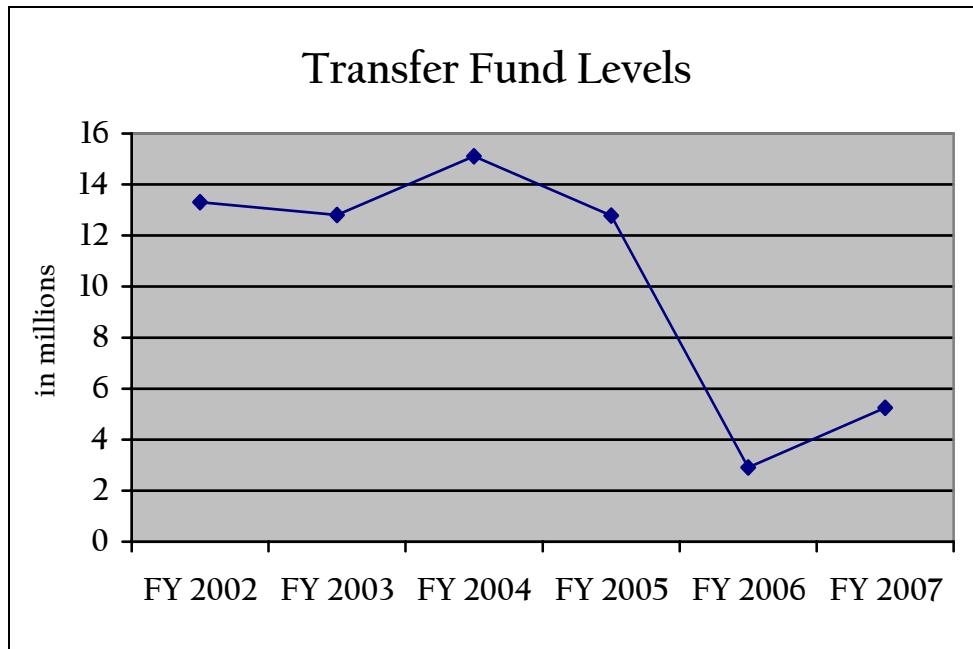
USTDA requests a representational fund of \$5,000. As a foreign assistance agency, it is essential that USTDA's representational funds be sufficient to allow agency staff to operate efficiently in international diplomatic environments. Despite the agency's extensive worldwide travel, USTDA's representational fund remains significantly lower than that of other foreign assistance agencies. The agency is requesting an amount that sufficiently supports both the extensive work the agency engages in overseas and local programs that bring the international community together with U.S. business interests.

### VIII. TRANSFER FUNDS

USTDA is recognized for its project development expertise and ability to mobilize resources and respond quickly. As a result, USTDA has received transfer funds from other agencies for many years to support particular regions, countries or sectors. These funds supplement the agency's core program budget, allowing USTDA to engage in areas of particular interest to the Administration such as tsunami reconstruction, Iraq and Afghanistan rebuilding and, support for Eastern Europe and the former Soviet Union states. Typically, these funds support countries and regions that are perilous for U.S. private sector involvement, but that would benefit tremendously from such participation.

**TRANSFER FUND TABLE**  
(\$ in millions)

FISCAL YEAR	2002	2003	2004	2005	2006	2007
SEED	7.6	6.0	1.5	2.275	.425	-
FSA	5.0	6.5	3.1	2.5	1.98	4.420
Iraq	-	-	5.0	2	-	-
Afghanistan	-	-	3.5	-	-	-
Sub-Saharan Africa	.7	.3	-	-	.5	.825
Tsunami	-	-	-	6	-	-
<b>TOTALS</b>	<b>13.3</b>	<b>12.8</b>	<b>13.1</b>	<b>12.775</b>	<b>2.905</b>	<b>5.245</b>



While USTDA has demonstrated its ability to quickly and effectively program transfer funds in targeted regions, thereby spurring increased U.S. private sector interest in a region, transfer funds are decreasing overall and are becoming more sporadic. For example, USTDA received one-time transfer funds for reconstruction activities in Iraq and Afghanistan and Tsunami related activities. One problem with relying on transfer funds is that it inhibits USTDA's ability to respond as quickly and efficiently to priorities as they arise, thereby slowing an immediate response to those areas in immediate need of assistance.

## **IX. DE-OBLIGATION / RE-OBLIGATION AUTHORITY**

USTDA requests that Congress continues to insert “, Section 661,” after “chapters 1, 8, 11, and 12 of Part 1,” to Section 511 contained in the General Provisions of the Foreign Assistance Act of 1961, as amended. By including this language, USTDA will be provided the flexibility necessary to reprogram funds that were previously obligated but not fully expended. Although the need to use this authority is not common, given the difficult markets and ever-changing political landscape within which USTDA operates overseas, the ability to reprogram funds will enable USTDA to ensure the appropriated funds are used for their designated purpose. This authority would not create new future outlays and is the direct outcome of close oversight of activities funded by USTDA to ensure that taxpayers funds are used effectively.



## **CONGRESSIONAL BUDGET JUSTIFICATION**

**UNITED STATES TRADE AND DEVELOPMENT AGENCY**

**FISCAL YEAR 2010**

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## **BUDGET REQUEST AND JUSTIFICATION**

The U.S. Trade and Development Agency (USTDA) has a long and successful record as a results-driven agency with the ability to act quickly and effectively to advance commercial development priorities and United States foreign policy initiatives that spur job growth in the United States. To continue and extend these successes, the Administration requests a budget of \$55.2 million for fiscal year (FY) 2010. This budget request is designed to support the Administration's development and foreign policy agendas through its support of economic growth programs and is justified by a record of success that includes generating over \$31 billion in exports of U.S. manufactured goods and services since 1981. Specifically, USTDA will promote the President's vision of expanded economic opportunities both here at home and in developing and middle-income countries around the world.

Fully funding this budget request will provide essential resources for USTDA to assist developing and middle-income countries around the world gain access to U.S. private sector expertise. It is this expertise that will allow our partner countries to develop the economic foundation and physical infrastructure necessary for healthy and sustainable economic growth. In addition, this request will assist U.S. small businesses and put people to work while opening opportunities for the export of billions of dollars in U.S. manufactured goods and services. Specifically, USTDA will invest in programs that create U.S. jobs and support: energy and the environment/climate change projects; lasting peace in the Middle East and South Asia; and economic growth and development in sub-Saharan Africa and Latin America.

USTDA's program creates an enabling environment for sustainable economic development by developing partnerships that enhance the ability of U.S. firms to sell goods and services overseas. This program also leverages the resources of the U.S. private sector to advance the foreign policy priorities of the Administration, creating long-term commercial relationships between the private sector and our partners in emerging markets. USTDA is distinct among the U.S. government's foreign assistance agencies, as its programs focus on providing commercial solutions to developmental challenges. In addition, 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, advance U.S. commercial interests and create U.S. jobs.

## **FISCAL YEAR 2010 PRIORITIES**

USTDA prides itself on its ability to respond quickly to the ever changing needs of emerging markets and the U.S. business community. For FY 2010, USTDA has identified four priority areas where global demand for USTDA funding will be the greatest. Each of these areas represents a top developmental priority for the Administration, U.S. government, the U.S. private sector and the Agency's overseas partners. These priority areas are:

- Promoting energy and environmental programs to mitigate climate change
- Supporting the framework for lasting peace in the Middle East and South Asia
- Achieving the Millennium Development Goals in sub-Saharan Africa
- Opening U.S. export markets in the Americas

In addition to targeting the above priority areas, USTDA will maintain a global program that enables the Agency to target projects in the Asia and Eurasia regions where programs can have a catalytic effect of opening export opportunities for U.S. manufactured goods and services.

In an era when the U.S. government has provided billions of dollars in assistance worldwide, USTDA is cognizant of the overarching need to demonstrate results. With this in mind, USTDA has crafted a strategy to address critical development problems in each of the priority areas above where U.S. businesses have competitive technologies and experience. Investments in these areas will open new markets for U.S. goods and services and reduce impediments to sustainable economic growth. Historically, USTDA's investments have created positive developmental impacts across every region. In addition, the U.S. economy has benefitted from these investments through the generation of \$35 dollars in U.S. exports for every dollar that it programs.

### **Promoting Energy and Environmental Programs to Mitigate Climate Change**

Energy is widely recognized as a fundamental element required for economic development. Without reliable power, industry cannot grow, agriculture cannot flourish, and governments cannot provide the services that their populations require. Importantly, as overall energy demand has grown, the desire of emerging economies to produce and utilize energy in a sustainable and environmentally friendly manner has grown as well.

The parallel interests of increasing energy production, diversifying sources of supply, and improving environmental standards in emerging economies have in turn presented a significant opportunity for the U.S. private sector. As such, with the Administration's commitment to investments in newer, more efficient, and cleaner technologies, U.S. industry is certain to play an even greater role in the revolution of energy development around the world. To assist in these efforts, USTDA will invest in projects that introduce state-of-the-art U.S. technologies to existing and planned power projects in emerging economies. Most notably, with the rising global focus on reducing greenhouse emissions, countries such as India, China, Mexico and Brazil are in desperate need of clean energy technologies.

With a budget of \$55.2 million, USTDA can help these countries, and others, achieve their objectives of reducing harmful emissions by funding early investment analysis and technical assistance that is delivered by U.S. firms. Using this delivery mechanism, the Agency will help position the U.S. private sector to compete successfully for resulting

energy development projects using U.S. technology. This in turn will result in U.S. jobs and exports.

In addition, as the Administration has highlighted, the cheapest, cleanest and fastest energy production derives from energy efficiency programs. Recognizing this, USTDA intends to invest in programs that promote industrial and utility energy efficiency. Specifically, the Agency will support a comprehensive series of energy efficiency audits and training activities, conducted by U.S. private sector experts, which will identify specific U.S. technologies, services, and practices to improve energy efficiency, reduce power consumption, and decrease pollution in developing and middle-income countries. USTDA will prioritize assistance to countries with the greatest energy deficits, the least energy efficient local industries, and which have demonstrated a commitment to investing in new energy efficiency technologies and practices.

### **Supporting the Framework for Lasting Peace in the Middle East and South Asia**

In support of the Administration's objective of achieving lasting peace in the Middle East and South Asia, USTDA will play a significant role in advancing the local economic development that is needed to realize these foreign policy priorities. Historically, the development of infrastructure has been fundamental to sustainable economic growth. However, in these countries political risk to investors and developers has constrained effective infrastructure development, while existing systems have been destroyed by long-running conflicts. The Administration's objectives will require a renewed focus on infrastructure rehabilitation and modernization in the Middle East and South Asia. Given USTDA's mandate, the Agency will be able to contribute to sustainable development and economic growth in these regions by promoting effective infrastructure planning. USTDA expects a substantial portion of its portfolio to focus on activities in critical sectors such as energy, environment, transportation, information and communications technology (ICT), and water. U.S. companies are well-positioned to play an important role in the rebuilding of these countries, and with a budget of \$55.2 million, USTDA will be able to create public-private partnerships that enhance infrastructure, promote sustainable economic growth, and ensure a lasting peace.

Nowhere will this investment in economic development be more needed than in the West Bank and, possibly, Gaza. Since reopening its program in the West Bank in FY 2008, USTDA's efforts have focused on supporting the development of the ICT sector, a key component of the West Bank's economy. USTDA is now exploring additional activities to improve local infrastructure, enhance energy supplies and promote the West Bank's capacity for commerce and trade. When a lasting peace is established in Gaza, USTDA will be poised to support economic development and reconstruction projects there as well. Improved economic conditions in the Palestinian Territories will lead to increases in employment and thereby create an environment that reinforces the peace process. More broadly, such improvements will lead to greater stability of the region, allowing for even more investment and economic growth throughout the Middle East. For example, USTDA will be better able to connect U.S. goods, services and

technology providers with priority economic development projects in countries such as Egypt, Lebanon, and Jordan, thereby spurring jobs in the United States and increased employment and economic growth in the greater Middle East.

Further, with a budget of \$55.2 million, USTDA will be able to increase its efforts in Afghanistan and Pakistan to expand infrastructure investment that will directly support the efforts of the Special Envoy to the region. USTDA is positioned to lead renewed programs in a range of sectors that target key priorities of both the Pakistani and Afghan governments and directly support the larger objectives of the Administration. USTDA-funded early project planning and policy development have already helped mobilize private sector investment as well as large-scale donor assistance in sectors such as telecommunications, energy and higher education. With the Administration's emphasis on development in general, and Afghanistan and Pakistan in particular, the proposed budgetary resources will enable USTDA to reengage in these countries and promote sustainable economic growth.

### Achieving the Millennium Development Goals in Sub-Saharan Africa

USTDA is proud to count itself among the U.S. government agencies that are successfully contributing to the Millennium Development Goals of eliminating the "abject and dehumanizing conditions of extreme poverty." USTDA plans to further the Administration's goals of reducing poverty in sub-Saharan Africa by investing in the infrastructure that promotes economic growth. Of particular importance to our efforts are investments that support regional integration and cross-border cooperation within sub-Saharan Africa. Such strategies are essential to increasing the trade capacity of the region's 47 countries, as well as the market size available to U.S. companies.

As discussed below, USTDA will invest significant resources in programs that focus on the critical infrastructure sectors of energy, ICT and transportation. Across sub-Saharan Africa, businesses have already identified the lack of electricity as their greatest barrier to growth. With demands for electricity projected to increase over 85% by 2030, this level of growth is already placing a heavy strain on infrastructure that will ultimately stifle investments in the region if concrete actions are not taken to address this pending shortage. USTDA's work in sub-Saharan Africa has recently recorded a success in an environmentally-friendly power generation project in Botswana utilizing U.S.-manufactured goods and services. Using this success as a model and using significant new investments to reduce the release of GHG emissions, USTDA will work with countries to evaluate new solutions using alternative fuel sources and the application of clean energy technologies to help Africa expand power generation capabilities to meet current and future demand.

Increased access to telecommunications services is strongly linked to increases in gross domestic product. Aware of this linkage, many countries in sub-Saharan Africa are investing heavily in ICT. With the Administration's proposed funding level, USTDA will be able to take advantage of numerous opportunities to support regional ICT

infrastructure projects that will correspondingly support high-tech job creation in the United States. Significant opportunities for U.S. companies exist for supplying fiber optic cable, as well as for tapping expanded markets with value-added services that broadband access will create. Specifically, as ICT penetration increases, USTDA will support activities targeted at the application of ICT in hospital administration and distance diagnostics; the expansion of ICT to improve government administration, accountability, and public services; and, the use of ICT to improve lending practices and efficiency among local banks and financial institutions. These activities will serve as an incentive for greater investment and economic development in the region, while making sub-Saharan African governments more transparent and accountable to their citizens.

Sub-Saharan Africa's transportation networks are underdeveloped and impede economic growth. For some of the continent's poorest countries, transportation costs may account for as much as three-quarters of the value of their exports. In addition to poor infrastructure, sub-Saharan Africa's competitiveness suffers from inadequate capacity related to trade logistics, supply chain management, and border and port congestion. Alleviating the region's poverty will depend as much on transportation as on other economic sectors. The Agency's ability to work on a local, national, or regional scale makes its program distinct. As such, USTDA will expand its Africa Trade Lanes Initiative to focus on larger-scale, region-wide transportation corridor development activities that are critical to economic growth and poverty reduction, and that pose the best opportunities for U.S. private sector involvement.

### **Opening U.S. Export Markets in the Americas**

USTDA's assistance in the Latin America region will include a combination of supporting U.S. foreign policy objectives, host country developmental priorities and U.S. commercial opportunities. While USTDA expects to see continued growth in demand for our services throughout Latin America, the three largest markets in the region (Brazil, Colombia, and Mexico) are expected to be the most active for USTDA in FY 2010. However, regional cooperation within the hemisphere is of paramount importance to ensure stability and open commercial opportunities for U.S. manufacturers and service providers. Recognizing the importance of greater transportation linkages throughout the Americas, USTDA will launch a Latin America Aviation Cooperation Program (ACP). This program is modeled on the successful U.S./China and U.S./India Aviation Cooperation Programs that have generated over \$700 million in U.S. exports over the past four years. The Latin America ACP would coordinate project planning activities for airport and air traffic control system modernization and aviation integration projects within the region, all with the intention of further opening this important market to U.S. industry. This initiative would leverage U.S. industry's technical and financial resources, as well as U.S. government interagency expertise. Ultimately, the initiative would provide a coordinated public-private approach toward aviation sector development throughout the region.

Other regional activities that USTDA will initiate in FY 2010 include a Green Technologies for the Americas and an E-Government Alliance for the Americas. In support of the Administration's commitment to clean energy development, the Agency's Green Technologies for the Americas initiative will focus on leveraging U.S.-based renewable energy technologies to support a regional reduction in oil dependence. The program will have a particular focus on project preparation activities related to geothermal, wind, solar and waste-to-energy projects, as well as other forms of renewable energy projects where U.S. companies are at the forefront of providing commercial solutions. Similarly, USTDA will launch the E-government Alliance for the Americas to assist our partners as they confront the challenges of duplicative, inefficient and often incompatible ICT systems. USTDA's E-Government Alliance would address these developmental constraints by supporting projects to expand the use of U.S.-based e-government technologies. Featured U.S. technologies would include data storage, ICT integration and records digitization technologies, and ICT security. In each of these areas, U.S. industry is a world-wide leader in the development and application of these technologies.

Lastly, recognizing the cost of rebuilding associated with natural disasters, and the need for investments in preventative measures, USTDA will establish a Regional Natural Disaster Relief Partnership between U.S. industry and those countries most prone to natural disasters. Throughout the Latin America and Caribbean region there is a vulnerability to a number of natural disasters, such as hurricanes (particularly in Mexico, Central America and the Caribbean) and earthquakes (region-wide). With a budget of \$55.2 million, USTDA will structure a specialized program focusing on natural disaster response and emergency management that will leverage the technical and financial resources of the numerous U.S. companies that provide technologies and services related to natural disaster response and emergency management. These programs will directly assist U.S. industry establish a greater stake in the region for the sale of U.S. manufactured goods and services in this priority sector.

### **REPRESENTATIONAL FUNDS**

The Administration requests a representational fund of \$4,000. As a foreign assistance agency, it is essential that USTDA's representational funds be sufficient to allow Agency staff to operate appropriately in international diplomatic environments. As such, the Administration is requesting an amount that sufficiently supports both the extensive work the Agency engages in overseas and local programs that bring the international community together with U.S. business interests.

### **MEASURING OUR RESULTS**

USTDA's success in promoting U.S. exports is measured by the hit rate and multiplier. The hit rate is the percentage of Agency projects that resulted in U.S. exports in the most recent ten year period. The multiplier is the amount of U.S. exports generated for every dollar in program funding in the most recent ten year period. Since its inception in 1981,

USTDA's programs have contributed to over \$31 billion in U.S. exports. These figures met established goals and reflect the Agency's ability to match the needs of emerging markets with solutions from the U.S. private sector.

*Export Multiplier and Hit Rate Calculations*

The export multiplier is defined as the dollar amount of U.S. exports that have been associated with USTDA core budget assistance to projects, divided by the dollar amount of USTDA core budget obligations. For the most recent ten-year period for which information is complete (1996-2005), USTDA has identified \$10.3 billion in U.S. exports from completed projects for which USTDA obligated \$292.8 million. This results in an export multiplier of \$35 for every program dollar invested.

$$\text{Export Multiplier: } \frac{\$10.284 \text{ billion}}{\$292.8 \text{ million}} = 35$$

The hit rate represents the proportion of USTDA activities for which the Agency has identified exports of U.S.-manufactured goods and services. For the same ten-year period, 412 projects out of a total of 1,187 have produced exports, yielding a hit rate of 35%.

$$\text{Hit Rate: } \frac{412}{1187} = 35\%$$

**OPERATING EXPENSES**

The Administration requests an operating expense (OE) budget of \$13.2 million for FY 2010. This amount will enable the USTDA to meet its responsibilities in four critical areas, including:

- Meeting increased federal requirements for information technology (IT) security, internal controls, and privacy protection;
- Maintaining and updating the IT and financial systems to enhance internal controls, better track project investments and be able to better share those successes with both the public and other government agencies;
- Funding the Agency's strong evaluation and audit programs; and
- Implementing a human capital development program with increased training in key areas.

In addition to the above priorities, the largest expenditure in USTDA's OE budget is salaries. This top-priority item is non-discretionary and constantly increasing as a result

of cost-of-living adjustments. Equally important, however, are basic necessities, including facilities management, equipment, communications, and supplies.

With a budget of \$13.2 million USTDA will be able to support the identified program needs and ensure that the necessary resources are available to attain the agency's development and assistance goals, as well as satisfy U.S. government-wide requirements.

### **CONCLUSION**

The U.S. Trade and Development Agency is a unique foreign assistance agency that has a proven track record of promoting economic development overseas and creating export opportunities for U.S. companies, thus creating U.S. jobs. USTDA's methods have proven successful. Since its inception in 1981, USTDA programs have contributed to over \$31 billion in U.S. exports. During this global economic crisis, it is in everyone's interest to respond to this demand for USTDA's services with Administration's budget request of \$55.2 million which will result in sufficient funding for a successful foreign assistance program and the creation of U.S. jobs.

## TOP COUNTRIES AND SECTORS

In FY 2008 USTDA funded 258 activities including: 110 desk studies and definitional missions; 67 technical assistance activities; 41 feasibility studies; 13 conferences; 3 trade-related training programs; and 24 orientation visits in 66 countries around the world. The following tables show the top ten countries and top five sectors where USTDA provided assistance in FY 2008, FY 2007 and FY 2006:

### TOP 10 COUNTRIES IN FY 2008

Country	Funding Amount	# of Activities
China	5,014,508	24
India	3,881,600	16
Sub-Saharan Africa Region	2,613,980	20
Mexico	2,099,155	9
Chile	1,949,793	8
Romania	1,779,175	7
Brazil	1,534,452	10
Philippines	1,472,739	7
Cameroon	1,360,000	3
Morocco	1,305,274	7

### TOP 5 SECTORS IN FY 2008

Sector	Funding Amount	# of Activities
Transportation	12,449,410	62
Energy & Power *	10,948,326	49
Telecommunications	6,060,674	32
Water & Environment*	4,380,012	19
Multi-Sector & Other	3,567,543	39

\*Includes Clean Energy projects totaling over \$5.01 million

### TOP 10 COUNTRIES IN FY 2007

Country	Funding Amount	# of Activities
China	\$4,068,714	13
Indonesia	\$2,290,488	7
Sub-Saharan Africa Region	\$1,809,992	19
Vietnam	\$1,554,654	11
Pakistan	\$1,476,499	5
Worldwide	\$1,364,398	5
Morocco	\$1,190,344	6
Philippines	\$1,189,747	7
India	\$1,161,385	9
Jordan	\$1,104,000	3

### TOP 5 SECTORS IN FY 2007

Sector	Funding Amount	# of Activities
Energy & Power	\$13,890,947	67
Transportation	\$10,064,025	50
Telecommunications	\$6,519,226	30
Water & Environment	\$6,418,032	30
Services	\$4,426,520	22

### TOP 10 COUNTRIES IN FY 2006

Country	Funding Amount	# of Activities
China	\$4,650,209	17
India	\$3,054,427	11
Mexico	\$2,943,489	6
Nigeria	\$2,544,713	8
Colombia	\$2,463,112	7
Sub-Saharan Africa Region	\$2,408,907	25
Vietnam	\$2,269,963	10
Brazil	\$2,234,516	10
Morocco	\$2,122,584	4
Romania	\$1,879,293	8

### TOP 5 SECTORS IN FY 2006

Sector	Funding Amount	# of Activities
Transportation	\$11,764,814	55
Energy & Power	\$11,513,223	51
Services	\$7,350,139	38
Water & Environment	\$6,587,928	28
Telecommunications	\$3,308,777	21

**BUDGET HISTORY TABLE**  
**FY 2002 – FY 2010**

Fiscal Year	Request	Appropriation	Carryover from Prior Year	Available for Obligation	Obligated
FY 2002	50,000,000	50,019,000	16,619,000	66,638,000	65,912,000
FY 2003	44,700,000	46,706,000	1,659,000	48,365,000	49,208,000
FY 2004	60,000,000	49,705,000	578,000	50,283,000	50,586,000
FY 2005	50,000,000	51,088,000	1,436,000	52,524,000	51,159,000
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	50,800,00	1,314,000	52,114,000	n/a
FY 2010	55,200,000	n/a	n/a	n/a	n/a

The Administration is requesting \$55.2 million for the U.S. Trade and Development Agency (USTDA) in FY 2010. This request maintains USTDA's ability to spur economic development and advance U.S. commercial interests in developing and middle-income countries, while creating jobs in the United States.

USTDA's FY 2010 budget request will support key foreign policy objectives of the Administration, including: 1) promoting energy and environmental programs to mitigate climate change; 2) supporting the framework for lasting peace in the Middle East and South Asia; 3) achieving the Millennium Development Goals in sub-Saharan Africa; and 4) opening export markets in the Americas.

## USTDA FY 2010 ANNUAL PERFORMANCE PLAN

### I. Mission

The U.S. Trade and Development Agency assists developing and middle income countries in gaining access to U.S. private sector expertise to develop the trade and physical infrastructure necessary for healthy and sustainable economic growth. In carrying out its program, USTDA leverages the resources of the U.S. private sector to advance the foreign policy priorities of the Administration, creating long-term commercial relationships between the private and public sectors of the United States and its partners in the developing world.

### II. Performance Goals

- 1) The agency plans to meet or exceed its performance targets for Developmental Impact (DI):
  - Over 55% of its implemented activities will result in infrastructure/industrial projects
  - Over 25% of its implemented activities will lead to adoption of market-oriented reforms
  - Over 30% of its implemented activities will create 10 or more jobs, or train at least 10 people
  - Over 50% of its implemented activities will result in the transfer of advanced technology or increased productivity
- 2) The agency plans to meet or exceed its performance targets for Commercial Impact:
  - Over \$35.00 of U.S. exports for every \$1 the agency obligates (the Multiplier)
  - Over 35% of the activities that USTDA funds will result in U.S. exports (the Hit Rate)

With the agency's current staff level, USTDA can support a budget allocation of \$55.2 million. The requested level will allow the Agency to allocate more resources toward project implementation and maintain a program throughout the developing world consistent with its legislative mandate. A budget of \$55.2 million will allow USTDA to most effectively apply its project implementation strategy to focus on increasing the number of successfully implemented projects that result from USTDA funding.

**III. Priorities for Program Budget:**

- Promoting energy and environmental programs to mitigate climate change
- Supporting the framework for lasting peace in the Middle East and South Asia
- Achieving the Millennium Development Goals in sub-Saharan Africa
- Opening U.S. export markets in the Americas

**IV. Priorities for OE Budget**

- Meeting increased federal requirements for information technology (IT) security, internal controls, and privacy protection
- Maintaining and updating the IT and financial systems to enhance internal controls, better track project investments and be able to better share those successes with both the public and other government agencies
- Funding the Agency's strong evaluation and audit programs
- Implementing a human capital development program with increased training in key areas.

## Powering Turkey's Development With Renewable Energy

The largest privately owned geothermal facility in Turkey is under construction based on the results of USTDA-funded investment analysis. The 47.5 megawatt plant is being developed in the Aydin-Germencik geothermal field by the Gurmat Energy Investment and Trade Company, a private Turkish company.



More than \$23.36 million in U.S. exports of goods and services from eight states have been utilized during construction. This amount includes \$4.86 million in engineering and consulting service exports that were financed by the Export-Import Bank of the United States with a 15-year loan guarantee.

According to Henry Veizades of Veizades & Associates, which has provided design work and engineering services associated with the geothermal project, "USTDA's sponsorship was critical and enabled the

project to mature quickly." The Agency's role in moving the project forward was confirmed by Gurmat's General Manager Ali Karaduman, who stated that the USTDA-funded study provided the detailed project assessment that was critical to project definition and financing.

As the plant becomes operational at the beginning of 2009, it will provide Turkey with an important renewable energy source to further the country's economic growth. In addition to the U.S. manufacturing and service jobs that were created through the export of over \$23 million, up to 250 local jobs were created during the construction of the power plant and an additional 37 jobs will be created to operate the plant. Moreover, the project has provided additional job opportunities for local people involved in improving the infrastructure surrounding the Germencik field.

## Expanding Access to Information and Communications Technology in Africa

Gloria Ngozi Ezeokafor is one of the more than 1,500 “village phone ladies” in Nigeria, who have received training in how to run businesses selling airtime on a per-call basis to their communities. The training was provided as part of a collaborative community phone project by the International Finance Corporation, MTN Nigeria and USTDA.

This successful project involves providing phone kits to women in rural communities, using financing from microfinance institutions, to establish businesses as telephone service providers in their communities. A USTDA-funded contractor was responsible for overseeing the program’s implementation in Nigeria, where the initial program targets were met in the 435 communities across the 22 states where it was implemented.



“My service reaches over 2,000 people, enabling them to conduct their businesses more efficiently,” said Ms. Ezeokafor about the impact of her company on the local community. “My customers, many of whom work in the market, are now able to reach their distributors when they need more stock, or call their customers when they have new goods.”

Based on the program results in Nigeria, the IFC has expanded the program to Madagascar and Malawi, and plans to further replicate the community phone project in the Democratic Republic of the Congo and Burkina Faso by the end of 2009. The entire project envisions training up to 20,000 women to become telephone service providers in their communities.

## Reverse Trade Mission Connects U.S. Companies with Opportunities in Brazil's Rail Sector

USTDA played a pivotal role in the sale of 55 General Electric locomotives, with a U.S. content valued at more than \$120 million, to MRS Logística, a Brazilian rail company. By sponsoring a reverse trade mission for 10 delegates from the Brazilian rail sector to the United States USTDA provided a forum for procurement decision makers to examine U.S. capabilities in the area of railroad rehabilitation and modernization.

The visit was prompted by the interest of Brazilian rail companies in making significant upgrades to their rolling stock, communications and signaling systems, track and other infrastructure. Based on these needs, the itinerary was structured to inform U.S. companies about export opportunities in the Brazilian rail sector and to facilitate direct contact with key decision makers.

During the reverse trade mission, the delegates traveled to Pennsylvania for site tours, including one to the GE Transportation diesel engine manufacturing plant in Grove City. GE's transportation business recognized the importance of this initial contact leading up to its sales activity to MRS Logística. "The visit by the Brazilian rail officials helped us to establish the lasting contacts necessary to tap into an important emerging market. We look forward to building on these relationships for many years to come," said Robert Parisi, General Manager of International Locomotives and Modernizations at GE Transportation.

The Brazilian rail officials visit is an outstanding example of the way USTDA's program connects U.S. firms with export opportunities. In addition to the site visits in Pennsylvania, the delegates also presented their procurement needs to U.S. firms at a business briefing in Chicago, Illinois. At the business briefing, each Brazilian delegate met with a minimum of 15 U.S. company representatives due to the strong interest in the visit.



## USTDA ACTIVITY SUPPORT

USTDA accomplishes its mission by funding: 1) project identification and investment analysis, and 2) trade capacity building and sector development activities. Project identification and investment analysis generally involves technical assistance and feasibility studies that support large capital investments that contribute to overseas development and open export opportunities for U.S. manufactured goods and services. Trade capacity building and sector development assistance supports the establishment of industry standards, rules and regulations, market liberalization and other policy reform measures that creates an environment to foster trade and expand U.S. export opportunities.

### Project Definition and Investment Analysis

**Project Definitional Missions:** One of the earliest stages of project planning is the development of a scope of work for a study that will define the technical, environmental, financial, and other factors that must be addressed before an investment decision can be made. USTDA funds Definitional Missions and Desk Studies to help ensure that projects will be appropriately conceived, including relevant terms of reference and a budget for a feasibility study or other pertinent project preparation activity. These activities provide a preliminary assessment of a project's economic viability using U.S. private sector resources and expertise.

**Feasibility Studies:** USTDA provides grants for overseas infrastructure project planning assistance, including feasibility and pre-feasibility studies. These studies evaluate the technical, financial, environmental, legal, and other critical aspects of infrastructure development projects that are of interest to potential lenders and investors and open the door to the export of U.S. manufactured goods and services. A USTDA Grantee selects a U.S. company, normally through an open competition, to perform the feasibility study on its behalf.

**Orientation Visits:** Orientation Visits bring foreign project sponsors to the United States to see the design, manufacture, demonstration and operation of U.S. products and services that potentially can help them achieve their development goals. USTDA uses pre-qualified contractors to assist in the preparation and management of these custom visits.

**Workshops and Conferences:** USTDA organizes workshops, conferences and technical symposia worldwide. These events are sector or project oriented and connect overseas project sponsors with U.S. firms and entities that supply project finance, technology and expertise that may be useful in implementing a development project. USTDA contracts with pre-qualified professional conference specialists to organize these activities.

**Procurement Assistance:** To promote project transparency and integrity, USTDA provides grants to assist in the establishment and oversight of international project procurement activities. Support can take the form of developing appropriate bidding procedures, assisting in the evaluation of technical proposals, and identifying potential suppliers or bidders.

**Trade Capacity Building and Sector Development Activities**

**Sector Development Technical Assistance:** USTDA provides technical assistance to help with the development of sector strategies, industry standards, and legal and regulatory regimes. Transportation safety and security are particularly important sectors for USTDA's technical assistance work. This assistance helps to create a favorable business and trade environment.

**Training:** USTDA provides training for foreign decision-makers in economic sectors where there are opportunities for the sale of U.S. equipment and services. The training is normally focused on technology or regulatory issues and designed to give project sponsors a better understanding of U.S. experience and capabilities. Training can be conducted in the United States or in the host country.



**CONGRESSIONAL BUDGET JUSTIFICATION**

**OF THE**

**U.S. TRADE AND DEVELOPMENT AGENCY**

**FISCAL YEAR 2011**

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## **BUDGET REQUEST AND JUSTIFICATION**

The U.S. Trade and Development Agency (USTDA) has a long and successful record as a results-driven agency with the ability to act quickly and effectively to advance United States foreign policy, support economic development in emerging economies and spur job growth in the United States. To continue this record, the Administration is requesting a budget of \$56.2 million for USTDA in fiscal year (FY) 2011 to promote the Administration's vision of expanded economic opportunities both here at home and in developing and middle-income countries around the world. This budget request is designed to further the development and foreign policy agendas of the Administration through its support of economic growth programs, and is justified by a record of positive results that includes generating over \$33.5 billion in exports of U.S. goods and services since 1981.

Fully funding the Administration's request will provide essential resources for USTDA to provide emerging economies throughout the world with access to U.S. private sector expertise. It is this expertise that will allow our partner countries to develop the economic foundation and physical infrastructure necessary for healthy and sustainable economic growth that, in turn, will support U.S. economic growth. This request will also assist U.S. small businesses by putting them to work providing practical development expertise that opens opportunities for the export of billions of dollars in U.S. goods and services. Specifically, USTDA will invest in programs that sustain and create U.S. jobs by supporting the promotion of clean energy development; broadening economic engagement with Muslim-majority countries; and advancing the Millennium Development Goals in Africa.

USTDA's program creates an enabling environment for trade and sustainable economic development that enhances the ability of U.S. firms to sell goods and services overseas. The Agency's program also leverages the resources of the U.S. private sector to advance the foreign policy priorities of the Administration, creating long-term commercial relationships between the private sector and our partners in emerging markets. In addition, 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 and investment climates, advance U.S. commercial interests and create U.S. jobs. In short, USTDA's program focuses on providing practical solutions to development challenges.

## **FISCAL YEAR 2011 PRIORITIES**

USTDA prides itself on its ability to respond quickly to the changing needs of emerging markets and the U.S. business community. As a result, every year demand for USTDA programs is greater than the Agency's available resources. For FY 2011, USTDA has identified three priority areas where the Agency can have the greatest impact advancing the Administration's priorities. These priority areas are:

- Promoting Clean Energy Development;
- Broadening Economic Engagement with Muslim-Majority Countries; and
- Advancing the Millennium Development Goals in Africa.

USTDA also will maintain a global program that enables the Agency to target projects in the Asia, Eurasia, and the Latin America and Caribbean regions. These programs will have the catalytic effect of opening export opportunities for U.S. goods and services, while supporting the Administration's foreign and development policy goals.

Given the large demands on U.S. government assistance worldwide, USTDA is cognizant of the overarching need to demonstrate results. With this in mind, USTDA has crafted a strategy to address critical development problems in each of the priority areas above where U.S. businesses have competitive technologies and experience. Investments in these areas will open new markets for U.S. goods and services and reduce impediments to sustainable economic growth. Historically, USTDA's investments have created positive developmental impacts across every region. In addition, the U.S. economy has benefitted from these investments through the generation of over \$40 in U.S. exports for every dollar that USTDA programmed over the last decade.

### **Promoting Clean Energy Development**

Reliable energy is a fundamental ingredient of economic growth and development. Without reliable energy industry cannot grow, agriculture cannot flourish, and governments cannot provide the services that their populations require. Importantly, as overall energy demand has grown, the desire of emerging economies to produce and utilize energy in a sustainable and more environmentally sound manner has grown as well.

The parallel objectives of increasing energy production, diversifying sources of supply, and improving environmental standards in emerging economies have presented a significant opportunity for the U.S. private sector. With President Obama's commitment to investments in newer, more efficient, and cleaner technologies, U.S. industry is poised to play an even greater role in the revolution of clean energy development. However, in order to fully realize the Administration's goal of reversing the effects of climate change,

creating green jobs, and helping move emerging economies to a low carbon energy base, developing countries will need external tools to help them overcome a multitude of challenges to clean energy development.

For example, many countries do not have the resources to discern what technologies are needed to implement a low-carbon development strategy, nor have the capacity to manage the technologies if and when they are implemented. To respond to this need, USTDA will provide customized technical and economic evaluations of low-carbon strategies for individual countries through its feasibility study and technical assistance programs. The Agency's program will provide critical access to the U.S. private sector to help analyze specific technologies, economic demands, social concerns, risks, financial incentives, and regulatory structures to ensure that each country adopts technology solutions best suited for their development needs. In this way, USTDA will be both a bridge and a catalyst in paving the way for the acceptance and deployment of more environmentally-sound energy production in emerging economies.

Another challenge is the access to capital. To respond to this need, USTDA is expanding its efforts to prepare viable clean energy projects for bank lending in priority emerging economies. This effort will include expanded feasibility studies and bench scale pilot projects in an effort to address persistent gaps in the existing project preparation framework for clean energy projects. It will also offer a replicable and scalable facility for emerging economies that will help to attract capital to this important and growing sector.

USTDA will also broaden its assistance portfolio to target energy efficiency initiatives; providing technically sound blueprints for how countries can adapt more energy efficient production methods to decrease overall emissions. For example, USTDA will invest in projects focused on improving industrial and utility energy efficiency. The Agency will also continue supporting improvements in electricity transmission and distribution networks that are introducing cutting-edge technologies like smart grid and micro-grid technologies that help reduce losses. These projects will not only improve efficiency within the grid, but will also strengthen power reliability.

In short, USTDA's ability to quickly respond to the challenges impeding clean energy development in emerging economies and its proven record of success makes the Agency an invaluable tool to help open new markets for U.S.-manufactured green technologies.

### **Broadening Economic Engagement with Muslim-Majority Countries**

In support of the Administration's efforts to increase ties between the United States and Muslim-majority countries, USTDA will invest in programs that advance the local economic development needed to realize this foreign policy priority. Already, USTDA investments in sectors that the President highlighted in his Cairo speech, from promoting clean energy development in Jordan to expanding access to clean water in Indonesia, represent tangible commitments by USTDA to broaden its engagement with Muslim-

majority countries. Given the Agency's unique role in working with U.S. companies to demonstrate practical solutions to development challenges, with a budget of \$56.2 million USTDA will create the partnerships necessary to develop infrastructure and promote sustainable economic growth.

To date, USTDA is active in approximately 25 Muslim-majority countries, fostering opportunities for U.S. companies to engage in those countries' economic development. Consistent with the goals of the President's speech in Cairo, USTDA invested \$11.4 million in activities in FY 2009 that provide a demonstrable example of the Administration's commitment to investing in the economic development of Muslim-majority countries.

Going forward, USTDA will expand its support for the promotion of new sources of energy and access to clean water, as well as for projects that lead to increased agriculture sector efficiency and improved food security. A key to this effort will be USTDA's launching of a Clean Energy Modernization Initiative, which will be aimed at supporting more modern and green energy systems in Muslim-majority countries. Anticipated projects will be in a range of areas, such as concentrated solar, landfill gas utilization, smart grid technology application, geothermal, waste-to-energy, wind power, and transmission and distribution loss reduction.

However, maybe nowhere is USTDA's program more central to the President's goal of broadening economic engagement with Muslim-majority countries than its program within the Palestinian Territories. To date, USTDA has focused its program on the ICT sector since reopening in the West Bank in 2007. In FY 2011, USTDA will broaden its efforts by targeting projects in the ICT, geothermal, clean water, and oil and gas sectors, providing the critical infrastructure necessary for the creation of jobs and the advancement the West Bank's economy.

USTDA will also focus on country-specific programs in other key Muslim-majority countries such as Indonesia. For example, to further the U.S.-Indonesia Comprehensive Partnership, USTDA intends to provide support in the areas of clean energy, water supply, and aviation efficiency and safety.

In sum, USTDA's program represents a significant tool for the Administration in implementing its goals and commitments in the Muslim world. A budget of \$56.2 million will provide USTDA with the resources it needs to make a significant contribution to those efforts.

### **Advancing the Millennium Development Goals in Sub-Saharan Africa**

USTDA is proud to count itself among the U.S. government agencies that are successfully contributing to the Millennium Development Goal of eradicating "extreme poverty and hunger." USTDA plans to further this goal by investing in the infrastructure that promotes economic growth. Of particular importance to our efforts are investments

that support regional integration and cross-border cooperation within sub-Saharan Africa. Such strategies are essential to increasing the trade capacity of the region's 47 countries, as well as the market size available to U.S. companies. In July 2009, President Obama proclaimed in Ghana that "countries thrive when they invest in their people and in their infrastructure." Working with our sub-Saharan African partners, USTDA can help the region thrive through investing in mutually beneficial activities that focus on the critical infrastructure sectors of energy, ICT and transportation.

Sub-Saharan Africa's transportation networks are underdeveloped, impede economic growth, and threaten the region's food security. For some of the continent's poorest countries, transportation costs may account for as much as 40 percent of the value of their exports. In addition to poor infrastructure, sub-Saharan Africa's competitiveness suffers from inadequate capacity related to trade logistics, supply chain management, and border and port congestion. Alleviating the region's poverty and food security challenges will depend as much on transportation as on other economic sectors. The Agency's ability to work on a local, national, or regional scale makes its program distinct. As such, USTDA will expand its Africa Trade Lanes Partnership to focus on larger-scale, region-wide transportation corridor development activities that are critical to economic growth and poverty reduction, and that pose the best opportunities for U.S. private sector involvement.

Across sub-Saharan Africa, businesses have already identified the lack of electricity as a major constraint to growth. With demands for electricity projected to increase over 85 percent by 2030, this level of growth is already placing a heavy strain on infrastructure and will ultimately stifle investments in the region if concrete actions are not taken to address this pending shortage. USTDA's work in sub-Saharan Africa has recently recorded successes in environmentally-sound power generation projects in Botswana and Ethiopia utilizing U.S. services and manufactured goods. With this proven track record, USTDA will work with countries to evaluate new solutions using alternative fuel sources and the application of clean energy technologies to help Africa expand power generation capabilities to meet current and future demand.

Increased access to telecommunications services is strongly linked to increases in gross domestic product. Aware of this linkage, many countries in sub-Saharan Africa are investing heavily in ICT. With a budget of \$56.2 million, USTDA will take advantage of opportunities to support regional ICT infrastructure projects that will support high-tech job creation in the United States. With the recent implementation of SEACOM, an undersea fiber optic cable that is bringing broadband services to the east coast of Africa, USTDA expects to support multiple projects that are natural extensions of broadband deployment (See Attachment 4 – Success Stories). For example, USTDA will likely support follow-on activities targeted at the application of ICT in hospital administration and distance diagnostics; the expansion of ICT to improve government administration, accountability, and public services; and, the use of ICT to improve lending practices and efficiency among local banks and financial institutions. These activities will serve as an

incentive for greater investment and economic development in the region, while making sub-Saharan African governments more transparent and accountable to their citizens.

## **MEASURING OUR INVESTMENT**

USTDA's success in promoting U.S. exports and creating U.S. jobs is measured by the export multiplier and hit rate. The export multiplier is the amount of U.S. exports generated for every dollar in program funding in the most recent ten-year period. The hit rate is the percentage of Agency projects that resulted in U.S. exports in the most recent ten-year period. Since its inception in 1981, USTDA's programs have contributed to over \$33.5 billion in U.S. exports. These figures exceed established goals and reflect the Agency's ability to match the needs of emerging markets with solutions from the U.S. private sector.

### *Export Multiplier and Hit Rate Calculations*

The export multiplier is defined as the dollar amount of U.S. exports that have been associated with USTDA core budget assistance to projects, divided by the dollar amount of USTDA core budget obligations. For the most recent ten-year period for which information is complete (1997-2006), USTDA has identified \$12.4 billion in U.S. exports from completed projects for which USTDA obligated \$300 million. This results in an export multiplier of \$41.30 for every program dollar invested, far exceeding USTDA's goal of \$35.

$$\text{Export Multiplier: } \frac{\$12.4 \text{ billion}}{\$300 \text{ million}} = \$41.30$$

The hit rate represents the proportion of USTDA activities for which the Agency has identified exports. For the same ten-year period, 424 projects out of a total of 1,170 have produced exports, yielding a hit rate of 36.2%.

$$\text{Hit Rate: } \frac{424 \text{ projects}}{1170 \text{ projects}} = 36.2\%$$

## **OPERATING EXPENSES**

The Administration requests an operating expense (OE) budget of \$13.4 million for FY 2011. This amount will enable the Agency to meet its responsibilities in four critical areas, including:

- Developing and implementing an effective management information system;
- Strengthening contingency of operations and disaster recovery capabilities;
- Funding the Agency's strong evaluation program; and

- Implementing a human capital development program with increased training in key areas.

In addition to the above priorities, the largest expenditure in USTDA's OE budget is salaries. This top-priority item is non-discretionary and constantly increasing as a result of cost-of-living adjustments. Equally important, however, are basic necessities, including facilities management, equipment, communications, and supplies.

### **Developing and Implementing an Effective Management Information System**

Currently USTDA is in the early development phase for the replacement of our in-house management information system. In FY 2011 the Agency projects the new MIS will be in the final stages of development with a estimated system implementation date in the first quarter of FY 2012. The Agency is estimating a cost of \$800,000 in FY 2011 to complete the development of this mission-critical MIS. As a result of this development, USTDA will realize significant cost savings by cancelling an agreement with the National Business Center (NBC) to develop and maintain a separate MIS at NBC's facility.

### **Strengthening Contingency of Operations/Disaster Recovery Capabilities**

The Agency continues to prioritize the improvement of its contingency of operations plans and disaster recovery procedures. In FY 2010, USTDA's will begin to migrate its email exchange and Blackberry servers off-site out of the National Capital Area. This effort will enable USTDA to comply with contingency of operations procedure requirements, reduce the risk of Agency communication failures and data loss and implement cost-saving cloud computing service. In FY 2011, USTDA will complete this migration and have ongoing off-site hosting, cost estimated at \$35,000 for the year.

### **Human Capital Development**

Over the past three years the Office of Personnel Management has indentified the need for agencies to increase their focus on investing in human capital development. In response, the Agency will continue addressing its human capital needs through a program of increased staff training at various levels. To date, much of this training has been done using our internal resources to develop a broader skill set among the staff of USTDA. However, USTDA will need to invest in additional professional development training over and above the training that is provided employee-to-employee. Of particular importance to the training is the upcoming retirement of several key employees in the Finance, Program and Evaluations offices. As the Agency plans for these retirements, it has already begun to invest in specialized professional development and management training. More broadly, USTDA has invested significantly in programs, such as those hosted by the Foreign Service Institute, to prepare employees with the skills necessary to succeed in their jobs. This increased investment is paying dividends as demonstrated by

the most recent OPM Human Capital Survey that showed a marked increase in positive responses from USTDA staff to the investment in training for their development.

In order to continue this record of success, the Agency will need to maintain the level of resources available. This will enable the Agency to fund outside expertise to undertake continued HCD training and recruitment of staff to ensure that the Agency is prepared to meet the challenges and requirements of filling upcoming key vacancies within USTDA.

### **REPRESENTATIONAL FUNDS**

The Administration requests a representational fund of \$4,000. As a foreign assistance agency, it is essential that USTDA's representational funds be sufficient to allow Agency staff to operate appropriately in international diplomatic environments. As such, the Agency is requesting an amount that sufficiently supports both the extensive work the Agency engages in overseas and local programs that bring emerging economy decision-makers together with the U.S. business community.

### **CONCLUSION**

The U.S. Trade and Development Agency is a unique foreign assistance agency that has a proven track record of promoting economic development overseas and creating export opportunities for U.S. companies, thus creating U.S. jobs. USTDA's methods have proven successful. Since its inception in 1981, USTDA programs have contributed to over \$33.5 billion in U.S. exports. Given this success and in response to the global economic crisis, USTDA requires a budget of \$56.2 million, which will result in sufficient funding for a successful foreign assistance program and the creation of U.S. jobs.

## **TOP SECTORS**

In FY 2009 USTDA funded 249 activities in 50 countries, including: 122 desk studies and definitional missions; 48 technical assistance activities; 42 feasibility studies; 5 conferences; 3 trade-related training programs; and 30 orientation visits. The following tables show the top five sectors where USTDA provided assistance in FY 2009, FY 2008 and FY 2007:

### **TOP 5 SECTORS IN FY 2009**

SECTOR	FUNDING AMOUNT	% OF FUNDING
Transportation	16,426,031	38.4
Clean Energy/Climate Change	9,938,824	23.3
Water & Environment	4,052,211	9.5
Telecommunications	2,738,199	6.4
Agribusiness	2,320,892	5.4

### **TOP 5 SECTORS IN FY 2008**

SECTOR	FUNDING AMOUNT	% OF FUNDING
Transportation	12,449,410	26.8
Energy & Power *	10,948,326	23.5
Telecommunications	6,060,674	13
Water & Environment*	4,380,012	9.4
Multi-Sector & Other	3,567,543	7.7

\*Includes Clean Energy/Climate Change projects, totaling over \$5.01 million

### **TOP 5 SECTORS IN FY 2007**

SECTOR	FUNDING AMOUNT	% OF FUNDING
Energy & Power	13,890,947	30.3
Transportation	10,064,025	22
Telecommunications	6,519,226	14.2
Water & Environment	6,418,032	14
Services	4,426,520	9.6

**BUDGET HISTORY TABLE**  
**FY 2003 – FY 2011**

<b>Fiscal Year</b>	<b>Request</b>	<b>Appropriation</b>	<b>Carryover from Prior Year</b>	<b>Available for Obligation</b>	<b>Obligated</b>
<b>FY 2003</b>	44,700,000	46,706,000	1,659,000	48,365,000	49,208,000
<b>FY 2004</b>	60,000,000	49,705,000	578,000	50,283,000	50,586,000
<b>FY 2005</b>	50,000,000	51,088,000	1,436,000	52,524,000	51,159,000
<b>FY 2006</b>	48,900,000	50,391,000	2,549,000	52,940,000	52,626,000
<b>FY 2007</b>	50,300,000	50,432,000	1,344,000	51,776,000	49,078,000
<b>FY 2008</b>	50,400,000	49,992,000	2,817,000	52,809,000	52,777,000
<b>FY 2009</b>	50,800,000	50,800,000	1,314,000	52,114,000	50,739,442
<b>FY 2010</b>	55,200,000	55,200,000	2,031,787	57,321,787	n/a
<b>FY 2011</b>	56,200,000	n/a	n/a	n/a	n/a

The Administration is requesting \$56.2 million for the U.S. Trade and Development Agency (USTDA) in FY 2011. This request maintains USTDA's ability to spur economic development and advance U.S. commercial interests in developing and middle-income countries, while creating jobs in the United States.

USTDA's FY 2011 budget request will invest in programs that sustain and create U.S. jobs by supporting: 1) promotion of clean energy development; 2) achievement of the President's vision of greater economic engagement with Muslim-majority countries; and 3) advancement of the Millennium Development Goals in Africa.

## **USTDA FY 2010 ANNUAL PERFORMANCE PLAN**

### **I. Mission**

The U.S. Trade and Development Agency assists developing and middle income countries in gaining access to U.S. private sector expertise to develop the trade and physical infrastructure necessary for healthy and sustainable economic growth. In carrying out its program, USTDA leverages the resources of the U.S. private sector to advance the foreign policy priorities of the Administration, creating long-term commercial relationships between the private and public sectors of the United States and its partners in the developing world.

### **II. Performance Goals**

- 1) The agency plans to meet or exceed its performance targets for Developmental Impact (DI):
  - Over 55% of its implemented activities will result in infrastructure projects
  - Over 25% of its implemented activities will lead to adoption of market-oriented reforms
  - Over 30% of its implemented activities will create 10 or more jobs, or train at least 10 people
  - Over 50% of its implemented activities will result in the transfer of advanced technology or in increased productivity
- 2) The agency plans to meet or exceed its performance targets for Commercial Impact:
  - Over \$35.00 of U.S. exports for every \$1 the agency obligates (the Multiplier)
  - Over 35% of the activities that USTDA funds will result in U.S. exports (the Hit Rate)

With the agency's current staff level, USTDA can support a budget allocation of \$56.2 million. The requested level will allow the Agency to allocate more resources toward project implementation and maintain a program throughout the developing world consistent with its legislative mandate. A budget of \$56.2 million will allow USTDA to most effectively apply its project implementation strategy to focus on increasing the number of successfully implemented projects that result from USTDA funding.

**III. Priorities for Program Budget:**

- Promoting clean energy development
- Broadening economic engagement with Muslim-majority countries
- Advancing the Millennium Development Goals in Africa

**IV. Priorities for OE Budget**

- Developing and implementing an effective management information system;
- Strengthening contingency of operations and disaster recovery capabilities;
- Funding the Agency's strong evaluation program; and
- Implementing a human capital development program with increased training in key areas.

## **USTDA SUCCESS STORIES**

### **Supporting U.S. Manufacturing Jobs**

In 2002, Rudi Roeslein, Chief Executive Officer of Roeslein & Associates, approached USTDA to fund a feasibility study on the construction of a two-piece can manufacturing facility in Nigeria. At the time Roeslein & Associates was looking to expand into emerging economies, but the company was too small to fund a study on market potential in a country like Nigeria. As a result, USTDA provided \$251,080 for Roeslein to conduct a feasibility study to determine if the financial, economic and design of the facility would support the building of the only can making facility in Sub-Saharan Africa. In manufacturing a canning facility, Roeslein builds the modular pieces in Red Bud, Illinois, about 25 miles southeast of St. Louis. Once assembled the individual can manufacturing modules are then shipped in standard shipping containers, and connected on-site to form a full two-piece can manufacturing facility. This type of factory design allows for technical work to be exported, and is easier to assemble than more traditional factory designs where the entire facility is constructed on-site.



Ultimately, Roeslein & Associates partnered with GZ Industries, an Israeli company, along with Ex-Im Bank, to finance and construct the \$61 million facility, which is now in the process of being erected in Nigeria. Of the total construction costs, \$30 million was awarded to Roeslein & Associates to construct the two-piece can manufacturing equipment.

Based on this success, Roeslein and Associates refunded USTDA the full amount of the grant and said that “this project was a priority for our company and presented a real opportunity for our employees to apply their expertise and experience in establishing a world-class can manufacturing facility in Nigeria,” and that “USTDA’s support served as a catalyst in moving the project forward and in providing the bankable documents necessary for the project to succeed.” This contract was able to keep 200 workers employed in Red Bud, IL while also resulting in an estimated 125 jobs created in Nigeria. The new can manufacturing facility is scheduled to open in 2010.

### **Generating Clean Energy in Colombia**



Facing gas supply shortages as a result of increasing economic growth, Colombia sought to construct a gas treatment plant to unlock the country's access to clean natural gas reserves with assistance of feasibility study financing from USTDA. The study identified the optimum development concept and gas treatment technology to develop the Cusiana Gas Treatment Plant. With this detailed analysis and the competitiveness of the U.S. industry in this sector, the project developer, Ecopetrol, has imported close to \$50 million in U.S.- manufactured equipment, compressors and tools during the construction of the gas treatment plant. In addition, Ecopetrol has installed enhanced technologies that help monitor and control the dew point level in the hydrocarbons emitted by the plant, making the emissions more environmentally-friendly.

Constructed by Howe and Baker (Tyler, TX) with equipment from Universal Compression (Houston, TX) and Enfab (Houston, TX), the Cusiana Gas Treatment Plant is enabling Colombia to increase the amount of clean natural gas it uses to power its economy. This increased use of clean natural gas changes the energy mix, thereby decreasing the demand for more traditional energy sources such as oil and coal. Since its construction, U.S. companies continue to export to the project with the export of purification products and related equipment from Pall Corporation (Port Washington, NY) to optimize the plant's production.

### **Promoting Clean Energy and Encouraging Energy Efficiency in China**

Dependent on a coal-based energy structure, China continues to struggle with its atmospheric pollution while pursuing its development goals. Recognizing the need for China to move to a low-carbon path, USTDA supported a project to help China implement geothermal heat pump technology thereby reducing its reliance on coal and the release of associated greenhouse gas emissions.

The USTDA-funded program assisted in the design and evaluation of four geothermal heat pump (GHP) projects in northern China. GHPs not only harness an important clean energy source by extracting heat from the ground in the winter but also provide for greater energy efficiencies by dissipating heat during the summer to control the internal temperature in buildings.



This effort has resulted in the export of U.S.- manufactured equipment and installation, operation, and maintenance services valued at \$3.8 million. By supporting the development of these GHP demonstration projects, initiating outreach to Chinese industry and training technicians, USTDA helped Chinese project managers become more aware of the advantages of U.S. technology solutions that are moving China down the path towards a lower carbon emitter.

### **Saving Lives: Integrating Disaster Warning Systems in Thailand**



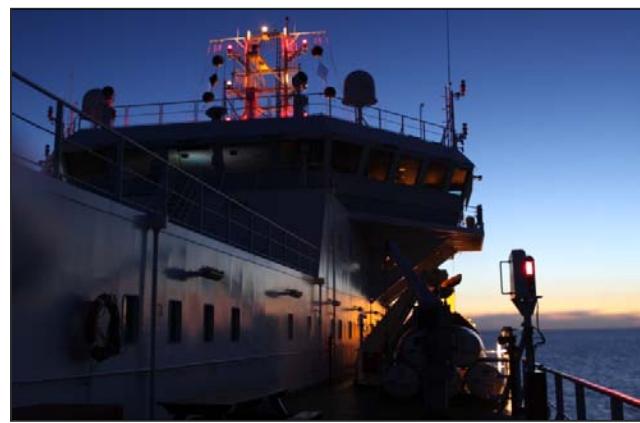
Prone to natural disasters, Thailand has taken steps to improve warning systems to prevent further loss of life since the Indian Ocean tsunami of 2004. USTDA is proud to have played a role in Thailand's efforts that led to the purchase of more than 270 U.S.- manufactured warning towers and other weather forecasting and disaster response equipment valued at more than \$15 million.

In 2005, USTDA funded a technical demonstration project for Thailand's National Disaster Warning Center (NDWC), the central point for receiving, monitoring, processing and relaying critical information on impending natural disasters. The demonstration project helped to integrate a wide variety of hardware computer systems, software applications and weather modeling systems that were donated following the tsunami.

Importantly, the grant also facilitated a U.S.–Thai exchange that has empowered the NDWC to operate a more effective and efficient warning system. Former Chairman of the Committee for the National Disaster Warning Administration, Dr. Smith Dharmasaroja said, “These collaborations and relationships will certainly continue and step forward into multi-hazard warning capacity to help save more lives of the people of Thailand and the region.”

### **USTDA Brings Broadband Access to Africa**

As a direct result of USTDA's investment in the visit of a ministerial-level delegation to the United States and a regional ICT conference, over \$400 million in U.S. equipment and services exports were utilized by African project managers to bring broadband communications to Africa. Without an undersea fiber-optic cable system, countries in the region relied on costly and scarce satellite links,



which could not meet increasing demand for broadband communications services.

USTDA's multi-year effort to support the development of an undersea fiber-optic cable linking East Africa with communication hubs around the world proved successful when a group of African ministers visited the United States, as part of a USTDA-funded program, and convinced potential financiers, including Sithe Global and the Overseas Private Investment Corporation, that fiber-optic cable connecting East Africa to the rest of the world could be commercially attractive.

In June 2009, SEACOM became operational offering 1.2 terabytes per second of capacity to enable high definition TV, peer-to-peer networks, IPTV, and high-speed internet access. The 13,700 km cable links South Africa, Mozambique, Tanzania, Kenya and Djibouti with India and Egypt. "The system, which was designed and installed using Tyco Telecommunications' state-of-the-art technology, will undoubtedly provide businesses and citizens in South and East Africa alike with the capabilities they need to communicate with the rest of the world and participate in the global marketplace," said Debbie Brask, Managing Director of Project Management for Tyco Telecommunications.

As described by SEACOM's Chief Executive Officer Brian Herlihy, USTDA's multi-year effort was critical to SEACOM's launch. "The impetus for the cable project is directly attributable to Sithe Global's participation at the half-day briefing sponsored by the USTDA visit."

The impact of broadband worldwide and the timeliness of the USTDA-sponsored meetings and conference provided a confluence of factors that pushed the imperative for African countries to liberalize the market for all consumers, including American companies, resulting in increased opportunities to do business overseas.

## **USTDA ACTIVITY SUPPORT**

USTDA accomplishes its mission by funding: 1) project identification and investment analysis, and 2) trade capacity building and sector development activities. Project identification and investment analysis generally involves technical assistance and feasibility studies that support large capital investments that contribute to overseas development and open export opportunities for U.S. manufactured goods and services. Trade capacity building and sector development assistance support the establishment of industry standards, rules and regulations, market liberalization and other policy reform measures that create an environment, which fosters trade and expands U.S. export opportunities.

### **Project Definition and Investment Analysis**

**Project Definitional Missions:** One of the earliest stages of project planning is the development of a scope of work for a study that will define the technical, environmental, financial, and other factors that must be addressed before an investment decision can be made. USTDA funds Definitional Missions and Desk Studies to help ensure that projects will be appropriately conceived, including relevant terms of reference and a budget for a feasibility study or other pertinent project preparation activity. These activities provide a preliminary assessment of a project's economic viability using U.S. private sector resources and expertise.

**Feasibility Studies:** USTDA provides grants for overseas infrastructure project planning assistance, including feasibility and pre-feasibility studies. These studies evaluate the technical, financial, environmental, legal, and other critical aspects of infrastructure development projects that are of interest to potential lenders and investors and open the door to the export of U.S. manufactured goods and services. A USTDA Grantee selects a U.S. company, normally through an open competition, to perform the feasibility study on its behalf.

**Orientation Visits:** Orientation Visits bring foreign project sponsors to the United States to see the design, manufacture, demonstration and operation of U.S. products and services that potentially can help them achieve their development goals. USTDA uses pre-qualified contractors to assist in the preparation and management of these custom visits.

**Workshops and Conferences:** USTDA organizes workshops, conferences and technical symposia worldwide. These events are sector or project oriented and connect overseas project sponsors with U.S. firms and entities that supply project finance, technology and expertise that may be useful in implementing a development project. USTDA contracts with pre-qualified professional conference specialists to organize these activities.

**Procurement Assistance:** To promote project transparency and integrity, USTDA provides grants to assist in the establishment and oversight of international project procurement activities. Support can take the form of developing appropriate bidding procedures, assisting in the evaluation of technical proposals, and identifying potential suppliers or bidders.

**Trade Capacity Building and Sector Development Activities**

**Sector Development Technical Assistance:** USTDA provides technical assistance to help with the development of sector strategies, industry standards, and legal and regulatory regimes. Transportation safety and security are particularly important sectors for USTDA's technical assistance work. This assistance helps to create a favorable business and trade environment.

**Training:** USTDA provides training for foreign decision-makers in economic sectors where there are opportunities for the sale of U.S. equipment and services. The training is normally focused on technology or regulatory issues and designed to give project sponsors a better understanding of U.S. experience and capabilities. Training can be conducted in the United States or in the host country.



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## **SECTION I: BUDGET REQUEST AND JUSTIFICATION**

The U.S. Trade and Development Agency is an efficient and agile agency achieving tangible results for U.S. businesses interested in exporting. USTDA 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. USTDA's strategic use of resources is proven to be **effective: every \$1 programmed by USTDA generates over \$47 in exports of U.S.-manufactured goods and services.**

To continue this effort, USTDA respectfully requests a budget of \$56.27 million for fiscal year (FY) 2012. This budget request is designed to further foreign policy and development priorities through its support of economic growth programs, and is justified by a record of results that includes generating over **\$14.2 billion in U.S. exports** during the most recent 10-year evaluation period and **supporting an estimated 87,000 American jobs<sup>1</sup>.**

### ***USTDA Mission, History and Uniqueness***

USTDA is well equipped in its statutory mission and in its expertise and operations to continue making significant contributions towards increasing U.S. exports to 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 an array of U.S. foreign policy objectives ranging from trade promotion to energy security to disaster response and reconstruction efforts. 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.

Statutorily USTDA is also able 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 Act. This authority permits the Agency to serve as a bridge between donor assistance and strictly commercial development.

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<sup>1</sup> According to the International Trade Commission, for every \$1 billion in exports, 6,250 manufacturing jobs are created or supported.

<http://trade.gov/press/press-releases/2010/commerce-department-celebrates-world-trade-week-051710.asp>

## *Leveling the Playing Field*

The increasingly fierce competition that U.S. companies face in emerging economies has led to a rise in requests for USTDA support for U.S. firms in their efforts 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 level the playing field with foreign companies that receive government subsidies. From tied training grants to strategically timed reverse trade missions, USTDA helps U.S. firms to successfully compete against competition from abroad.

## ***USTDA Programs Open Markets for U.S. Companies***

USTDA's unique program is defined by the following activities that are geared to opening markets for U.S. exports and supporting economic development abroad.

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

USTDA launched a new International Business Partnership Program (IBPP) 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.

**During FY 2010, USTDA reverse trade missions, conferences, and training programs connected more than 3,000 foreign buyers from 35+ countries to more than 1,000 U.S. company representatives across the country.**

As part of the IBPP, USTDA increased its investment in **reverse trade missions**, 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.

Also, USTDA 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 these export opportunities.

Together, IBPP programs connected more than 3,000 foreign buyers to 1,000 U.S. company representatives in FY2010 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 for ongoing business partnerships, USTDA invests directly into development projects at the earliest stages, giving U.S. businesses an immediate opportunity for new growth and activity.

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 with 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.

### Cooperation Programs: USTDA Programs Open Markets for U.S. Companies

Utilizing all of the tools outlined above, USTDA has launched several Cooperation Programs, which are innovative public-private partnerships that advance development projects in sectors where U.S. technology is highly competitive and is likely to lead to significant export opportunities. In these programs, which specifically address one industry in one partner country, members include U.S. companies, foreign government bodies, USTDA, and other U.S. government agencies.

Currently, cooperation programs exist for the aviation and energy sectors in China and India and healthcare sector in China. These programs include trainings, reverse trade missions, and exchanges of professionals between the U.S. and partner countries, so that our partner countries can benefit from American expertise, and U.S. business representatives can establish strong relationships with overseas markets.

### ***Focusing USTDA's Program to Increase Return on U.S. Taxpayer Money***

Based upon rigorous performance evaluations, USTDA has tailored its program to concentrate on countries that provide the highest impact on U.S. taxpayer dollars, both in export returns and foreign policy objectives. As a result, the Agency narrowed its focus from 51 countries in FY 2006 to 24 countries in FY 2010 and reorganized its Europe and Eurasia region to focus those

resources elsewhere. USTDA's total obligations in its 24 priority countries (See Section II) increased from 62.3% of the Agency's total program obligations in FY 2009 to 84.6% of the total program obligations in FY 2010. This ongoing refining of country priorities will continue in both FYs 2011 and 2012. Concomitantly with the narrowing of USTDA's country focus, to better position U.S. firms in the international arena and invest in projects that will most likely provide the highest return, USTDA has programmed its funds towards priority sectors where U.S. industry is particularly strong. As discussed below, USTDA has prioritized investment in the energy, transportation, and information and communications technology sectors with a limited program in the environment and healthcare sectors.

### ***Supporting Small U.S. Businesses***

Small businesses are creating about 70 percent of the new jobs in America. USTDA has served as a catalyst for U.S. small businesses to expand into international markets. Today, 95 percent of the world's consumers live outside the United States, and small businesses can grow dramatically by reaching those foreign markets.

USTDA draws extensively on the expertise of small consulting and engineering firms to provide a variety of services related to project definition and evaluation. For example, more than 90% of direct contracts awarded by the Agency are performed by small businesses. Furthermore, over 40% of grants awarded to overseas project sponsors directly lead to contracts with U.S. small businesses. USTDA expects this trend to continue in FY 2012.

## **SECTION II: REGIONAL FOCUS AND PRIORITY AREAS**

USTDA focuses on countries that represent high developmental priorities with the likelihood for commercial success in an effort to maximize the return on U.S. taxpayer dollars. As has been the case historically, emerging economies are projected to grow at a faster rate than are developed economies<sup>2</sup>. In these economies, imports typically grow at a rate that exceeds the overall rate of GDP growth, presenting great opportunities for U.S. exporters. 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 in such competition. In each of these identified markets, USTDA will focus on priority sectors (See Section III) consistent with its export promotion and development mission.

### *Sub-Saharan Africa*

Africa is a largely untapped market for U.S. businesses, providing opportunity today and great potential for growth in the future. Between 2000 and 2008, Africa's annual output grew by 4.9%, faster than the global average of 3.8%, and that growth is being fueled by \$88 billion (2008) of foreign direct investment, twice as much as that in India. Most importantly the market is large - more than 900 million people live in Africa –, young, and growing rapidly.

Investments in ICT infrastructure throughout Sub-Saharan Africa are contributing to dynamic growth across multiple economic sectors. In particular, undersea fiber optic cables, such as SEACOM, are dramatically increasing connectivity and reducing prices for information and communication services in East Africa. USTDA supported the development of these cable systems through multi-year efforts (including reverse trade missions and conferences) to link African project sponsors with U.S. technology and services. Ultimately, the SEACOM project was designed and installed using U.S.-based state-of-the-art technology and, when launched in July 2009, demonstrated a historic shift in how Africa communicates with the rest of the world.

In FY 2012, USTDA intends to continue to help Sub-Saharan Africa benefit from its newfound broadband capacity. In August 2010, USTDA formed the *East Africa Broadband Connectivity (EABC) Initiative* to advance ICT infrastructure, use of applications, and economic integration in the East African Community. Focus areas of the *EABC Initiative* include: (1) expanding terrestrial fiber optic networks and other ICT infrastructure; (2) promoting regional integration and linkages between East Africa and the rest of the world; and (3) promoting the utilization of innovative ICT applications in areas such as e-Health, e-Education and e-Banking. The USTDA efforts in telecommunications in Africa, including the EABC, will continue to be effective in the coming fiscal year.

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<sup>2</sup> IMF, World Economic Outlook Update: A Policy-Driven, Multispeed Recovery, January 26, 2010, Figure 1.

The clean energy sector also offers enormous potential for U.S. private-sector participation in this critical component of Africa's economic infrastructure. The development of market-friendly electricity tariffs and legal and regulatory environments, coupled with project planning assistance, is at the heart of USTDA's strategy for bringing private investment and U.S.-sourced goods and services to Africa's power sector.

For the foreseeable future, USTDA anticipates great interest by the U.S. private sector and African energy sector officials for clean energy solutions on the continent. As such, the Agency expects in FY 2012 to extend support for its *African Clean Energy Solutions (ACES) Initiative*, which was launched in August 2010. The *ACES Initiative* provides a framework for a series of activities that will advance USTDA's clean energy investments in Sub-Saharan Africa. Focus areas include: (1) supporting power generation using clean energy sources; (2) modernizing transmission and distribution grids; and (3) promoting energy efficiency and demand-side management.

Together with clean energy and ICT, USTDA will prioritize transportation sector investments as part of our strategy for promoting U.S. business interests and economic development in Sub-Saharan Africa. Many of Africa's transportation networks remain underdeveloped and are an impediment to economic growth. In addition to poor infrastructure, Sub-Saharan Africa's competitiveness suffers from inadequate capacity related to trade logistics, supply chain management, and customs administration. To address these challenges, in FY 2012 USTDA will continue to focus its transportation sector strategy on developing regional solutions and integration. The model for our participation will be the Agency's multimodal *African Trade Lanes Partnership*. This initiative aims to advance the development of Sub-Saharan Africa's most vital trade lanes and transportation networks to facilitate local, regional, and global trade. It also provides a more uniform context for USTDA's work in the region, promoting regional cooperation and connectivity in all modes of transportation, including aviation, maritime, land, and rail.

Ultimately, efforts to stimulate economic development in Sub-Saharan Africa will be paramount to achieving sustainable global development and dramatically increasing U.S. exports in the coming years. Over the last few years, countries across Africa have experienced some of the fastest growth rates in the world. This trend is sustaining economic development in the region, while presenting new business opportunities for U.S. firms.

### *Major Developing Economies*

China, India, and Brazil are three major developing economies that offer U.S. exporters remarkable export opportunities. These three countries have rebounded quickly from the global economic crisis, and are experiencing rapid GDP growth. China continues to register 9 to 10

percent annual economic growth. India's growth is expected to be between 8 and 9 percent in 2011, and Brazil saw its projected growth revised upward to over 7 percent for 2010.<sup>3</sup>

Going forward, the International Monetary Fund predicts that these three countries will together account for more than 25 percent of world GDP in just five years' time, up from 13.4 percent in 2009. Simply put, China, India, and Brazil will have the need and resources to acquire a substantial amount of goods and services over this 5-year time period, much of which will be imported. In order for the U.S. to be competitive in these growing markets, it is essential that procurement and project development officials in those countries gain experience with and meaningful access to U.S. goods and services. Further, USTDA efforts to build trade capacity and develop infrastructure for trade will leverage the growth of these countries into dynamic trade partners.

In FY 2012, China will remain a key market for USTDA to promote public-private partnerships and strategic trade policy initiatives designed to reverse the current trade deficit. Infrastructure planning activities in core sectors such as energy and transportation will comprise a majority of the portfolio in FY 2012, with the addition 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 measurements 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, Commerce, and Health and Human Services which note USTDA's capability 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, 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 India for FY 2012, USTDA expects to see increased activity in clean energy and energy efficiency activities with the launch of the U.S.-India Energy Cooperation Program, which formally began in November 2010. Initial activities included an Efficiency and Clean Energy Exchange program which involves a series of four visits to the United States to introduce Indian energy sector officials to U.S. technologies and best practices in smart grid, grid-scale solar, unconventional gas and industrial energy efficiency. Through these visits, USTDA will identify opportunities to play a role in ensuring U.S. companies are positioned to win new contract opportunities. 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 actions consistent with USG policy and India's development goals, and leveraging substantial cost-sharing from U.S. aviation companies.

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<sup>3</sup> IMF, World Economic Outlook Update: Restoring Confidence without Harming Recovery, July 7, 2010, Table 1.

In Brazil, as the country prepares to host the World Cup in 2012 and the Olympics in 2014, there will be a great demand from both the U.S. private sector and the Brazilian government for USTDA to use its program to connect U.S. businesses to critical infrastructure development opportunities as the country prepares for these international events. In particular, these events will lead to significant demand for USTDA's assistance by both Brazil and U.S. companies looking to increase their exports into the Brazilian market as the country modernizes its transportation systems and expands its energy and ICT sectors.

### *Next Tier Markets*

Not far behind these three major developing economies are the “next tier” markets (Colombia, Mexico, Indonesia, South Africa, Turkey, Vietnam, and the Asia-Pacific region as a whole) that already provide mature, large markets, and are likely to experience high GDP growth rates as well. These countries will be critical to continued and sustained U.S. export growth.

USTDA’s program in Mexico and Colombia in FY 2012 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 information and communications technologies. In Mexico, such projects will derive from Mexico’s National Infrastructure Program, the efforts of individual Mexican states to improve existing infrastructure, extensive Mexican participation in recent reverse trade missions and several ongoing or planned definitional missions to help USTDA find, examine, and develop potential projects. In Colombia, USTDA will build on its successful program to assist Colombia prepare for significant investments in transportation systems and clean energy development.

In Vietnam, USTDA expects to focus on clean energy and transportation priorities in FY 2012. The Government of Vietnam has recently expressed an interest in working closely with USTDA to promote clean energy development to offset the substantial coal projects that are currently moving forward. Vietnam specifically requested consideration for wind, biomass, and waste-to-energy opportunities. Important to this success, PetroVietnam, the state-owned oil and gas company, has created a renewable division that will focus on opportunities in the near term and create demand for renewable and clean energy technologies, where the United States has a distinct competitive advantage.

In addition, USTDA has been approached by a number of U.S. aviation companies pursuing airport development projects that will need to be developed via public-private partnership arrangements. Further, Vietnam is making substantial improvements to its road infrastructure

that will require transportation logistics improvements, railway upgrades and urban transportation development. In FY 2012, USTDA will make investments designed to assist Vietnam bring these programs to implementation.

### *Middle East, North Africa, and Europe*

The Middle East, North Africa, and Europe 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, and our National Export Initiative partners at the U.S. Foreign Commercial Service and the U.S. Export-Import 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 clean energy, information and communications technology (ICT) and transportation sectors are poised to benefit from substantial development, particularly in the larger economies in the region such as Morocco, Egypt<sup>4</sup> and Turkey, but also in countries such as Jordan, Algeria and Iraq.

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. In 2010, USTDA held the MENA Power 2010 Conference in Cairo, Egypt, which served to showcase more than \$25 billion in project opportunities for U.S. firms. This led directly to the initiation of USTDA-sponsored activities in solar and wind energy, as well as for smart metering development and implementation. USTDA is capitalizing on the momentum from the conference to create further opportunities for U.S. companies, particularly in the areas of solar and geothermal energy, as well as smart grid development.

Morocco shows particular promise for renewable energy opportunities for U.S. companies in the near and long terms. The Government of Morocco (GOM) has recently committed to an aggressive national renewable energy and energy efficiency plan, which includes more than \$10 billion in planned spending on renewable energy development.

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 pursuing additional activities that are expected to lead to similar results. Current turmoil

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<sup>4</sup> USTDA will take guidance from the Department of State on ongoing and developing program activities in Egypt. As the situation there continues to change, USTDA will continue to assess the demand for involvement in addition to efficacy of continuing to work there.

notwithstanding, Egypt's large and growing economy, increasing energy needs, and strategic location should ensure that growth in key sectors such as clean energy and transportation will continue.

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 ICT to energy, 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 100<sup>th</sup> 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 the Agency's activities continue to support U.S. private sector engagement in the region. 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.

### *South and Southeast Asia*

In trade and export terms, India, Vietnam, Indonesia, and Southeast Asia as a whole, are high priority emerging markets where USTDA can achieve results under its mandate. Furthermore, the relative strength of economies in the South and Southeast Asia region during the recent global economic downturn and their ongoing recovery has produced considerable U.S. interest throughout this broad region. USTDA expects that these factors, combined with the Agency's targeted program, will continue to drive strong demand for USTDA programs across the region.

The South and Southeast Asia (SSE Asia) regional program encompasses countries and sub-regions that reflect foreign assistance policy and export trade priorities. In foreign policy terms, the strategic dialogues with India and Pakistan, the new comprehensive partnership with Indonesia, and the elevated U.S.-ASEAN relationship all emphasize expanded multi-sector cooperation that includes economic, technical and trade-related collaboration where USTDA programs can make important contributions.

Utilizing transfer funds from the U.S. Department of State, USTDA expanded its program in Pakistan in FY 2010 focusing on infrastructure and economic development efforts. USTDA's Pakistan program is an important component in the economic and energy working groups of the U.S.-Pakistan Strategic Dialogue, led by the U.S. Department of State. In FY 2012, USTDA

expects to continue to receive transfer funds to support new infrastructure development efforts in the energy, transportation, and ICT sectors as well as a limited engagement in Pakistan's environmental sector. Specific areas of opportunity in the energy sector include: off-grid energy supplies; gas production; power plant repowering; and small-hydro. These priority power projects were highlighted by senior members of the Pakistani delegation who participated in the U.S.-Pakistan Strategic Dialogue in October 2010.

Similarly, following the signing of the Transit Trade Agreement between Afghanistan and Pakistan, the countries are in the process of discussing next steps forward for implementation. Of the areas identified in need of support, USTDA will consider the following: port facility operations and infrastructure; interconnectivity between the two customs data systems and coordination; developing communications plans and implementation plans documenting the benefits of increased transit trade; and, railroad development. USTDA is also working with the Ministry of Information Technology to identify projects in the e-government, revenue collection, electronic medical records, disaster warning and broadband infrastructure areas. Utilizing transfer funds, USTDA's portfolio is complementing the ongoing work of the U.S. Department of State and USAID in these areas and helping to provide strategic planning for the implementation of larger commercial projects.

Again, utilizing transfer funds from the U.S. Department of State, USTDA's program in Afghanistan and Pakistan will help develop the infrastructure necessary to foster economic development in the country, in addition to promoting regional trade among Afghanistan, Pakistan, and other countries. One important focus of this work concerns alleviating trade bottlenecks at the Afghanistan/Pakistan border. USTDA will evaluate other opportunities in Afghanistan, especially in the aviation and energy production sectors. USTDA will also continue to work closely with our colleagues at the State Department, NSC and USAID to coordinate assistance programs.

While the entire Southeast Asian region has proven especially resilient over the past economic recession, Indonesia in particular has emerged as a leader of growth for the region. In 2010, the economy grew more than 6%. To capitalize on the opportunities, USTDA promoted clean energy developments through the launch of the U.S.-Indonesia Geothermal Development Initiative in 2010, setting the environment for government-to-government and business-to-business engagements with two feasibility studies and a geothermal training program. These programs will help open the geothermal market in Indonesia to U.S. businesses and present new project opportunities in FY 2012. Furthermore, there is considerable business interest in Indonesia's transportation infrastructure, areas in which U.S. companies have a significant competitive advantage, and USTDA anticipates funding of several transportation sector projects in the aviation and rail sectors in FY 2012.

### **SECTION III: SECTOR FOCUS**

USTDA's FY 2012 budget was developed based upon the assumption that USTDA would focus not only on priority countries, but also on priority sectors that: 1) reflect the greatest demand from developing and middle-income countries; 2) represent areas of U.S. private sector expertise and competitiveness; and, 3) have the greatest likelihood of receiving implementation financing. As a result, USTDA anticipates that it will continue to focus on clean energy, transportation, ICT and, in some countries, the environment and water. Furthermore, the budget request includes limited funding for a strategic healthcare program which will respond to the large demand from abroad as well as requests from the U.S. healthcare industry.

#### ***Clean Energy***

Emerging countries increasingly have the parallel objectives of increasing energy production, diversifying sources of supply, and improving environmental standards. As a result of both the demand for clean energy in priority countries and the growth of new energy and energy efficient technologies from U.S. sources, USTDA continues to invest in clean energy activities. This continued investment proves even more valuable as the demand from emerging economies and the supply of even newer U.S. technologies are anticipated to increase throughout FY 2012.

To meet the demand of developing and middle-income countries for clean energy solutions, the World Bank plans to increase its financing for energy efficient and renewable energy projects by an average of 30 percent a year through 2011 from a baseline of \$600 million in 2006. Similarly, the Export-Import Bank of the United States has prioritized financing for clean energy technologies under its Environmental Exports Program. In these circumstances, USTDA's programs can play a catalytic role in preparing project activities in developing and middle-income countries for financing by these institutions by exposing the project sponsors to U.S. goods and services at the critical early stage of project planning.

In FY 2012, in addition to providing support for clean energy-related project preparation and reverse trade missions focused on technologies such as smart grid, wind, solar and geothermal, USTDA will continue to support priority clean energy special initiatives launched in FYs 2010 and 2011. For instance, USTDA's *U.S.-China Energy Cooperation Program (ECP)*, which now includes over 40 U.S. companies, is advancing clean energy projects where U.S. technology is highly competitive and is likely to generate significant export opportunities. Since the joint announcement of the *U.S.-China ECP* by Presidents Obama and Hu, USTDA has invested in programs designed to ensure U.S. equipment and technology is incorporated into China's clean energy development plans.

Much like the U.S.-China ECP, USTDA also expects increased growth from the U.S.-India Energy Cooperation Program, discussed above in the regional focus. Initial activities included an Efficiency and Clean Energy Exchange program which involves a series of four visits to the United States to introduce Indian energy sector officials to U.S. technologies and best practices in smart grid, grid-scale solar, unconventional gas and industrial energy efficiency. Through these visits, USTDA will identify opportunities to play a role in ensuring U.S. companies are positioned to win new contract opportunities.

In FY 2010, USTDA launched the *Clean Energy Exchange Program for the Americas*. USTDA has already hosted six reverse trade missions to introduce Latin American and Caribbean leaders to U.S. technology and service providers. In FY2012, USTDA will assist specific export opportunities that have arisen from the visits already undertaken.

In summary, USTDA's record of success in quickly responding to the challenges impeding clean energy development in emerging economies makes the Agency an important tool to open markets for U.S. manufactured clean energy technologies.

### ***Transportation***

Recognizing the crucial role that transportation infrastructure plays in the development of low-and middle-income countries, USTDA seeks to employ U.S. transportation technology and expertise to build up the infrastructure in emerging economies. Efficient and expansive transportation systems in a nation create better access for all citizens to economic markets, healthcare, and food sources. It increases the reliability and productivity of any given economy.

So that emerging economies may benefit from the transportation expertise of the United States, USTDA connects the U.S. transportation sector with projects in foreign countries. The transportation sector is a key component of the U.S. manufacturing base that supplies products to U.S. consumers and countries around the world. It is also a sector in which USTDA's assistance has succeeded in combating stiff foreign competition. In particular, the aviation and rail sub-sectors have been important drivers of export success, supporting thousands of high-paying manufacturing jobs in some of the hardest hit parts of the United States. These sub-sectors are also well known for sourcing components from large and small companies in every state, making increasing exports of aircraft and rail equipment critical to supporting broad-based U.S. job creation through increased exports.

After a long recession, and a \$10 billion loss to the aviation industry in 2009, 2010 saw incredible bounce back as the sector grew to a \$15 billion surplus, and continued growth is anticipated. Indeed, capacity constraints are already foreseen for aircraft, airports, and airspace controls. Each of these areas represents an export market for U.S. manufactured goods and services, though not without significant foreign competition often aided by their governments. For example, U.S. engine manufacturers are facing stiff competition from European rivals

(heavily supported by their own governments) to supply engines for Airbus's A380 aircraft in Vietnam and India, with each contract representing billions of dollars of export sales and representing the potential to support thousands of high-paying manufacturing jobs in the United States. Beyond aircraft, there is a significant need for airports, navigation systems, and many other industries in the aviation sector.

China continues to record 8% to 10% growth in their domestic aviation market. To meet the increasing demand for passenger aviation growth, industry analysts predict that Chinese airlines will need to add over 3,000 large and medium-sized aircraft over the next two decades. India has also witnessed dramatic increases in aviation growth, recording 18% annual growth rates. To respond to this growth, the Investment Commission of India estimates that India will need to invest \$80 billion for new aircraft and \$30 billion for airport infrastructure by 2020. The Chinese government has indicated that they will be building 97 new airports to support their rapidly growing aviation sector.

USTDA has ongoing successful Aviation Cooperation Programs in China and India to coordinate U.S. public and private sector activities to better position U.S. companies for growth in these markets. These public-private partnerships have already contributed to safer aviation systems in China and India as well as the export of over \$1 billion in U.S.-manufactured goods and services. For example, the China Program has over fifty U.S. business members and India has over thirty. These members are companies with products that range from aircraft manufacturing to airport systems engineering.

In the rail sector, U.S. industry also has the potential to increase exports and market share in developing and middle-income countries. The United States is very competitive globally in most aspects of heavy haul rail systems including the sales of energy efficient locomotives and engines. In addition, U.S. companies are beginning to export ICT-based technologies such as Positive Train Control systems, the most affordable products on the market and as such, represent an area in which U.S. export opportunities are especially strong.

For example, India, Brazil, Pakistan, Indonesia and China are all engaged in major freight rail investments. In each market U.S. industry is facing stiff competition from foreign companies that tend to be cheaper, but less energy efficient and reliable. In response to these market requirements, U.S. companies are undertaking sales campaigns that enable the buyers to upgrade old locomotives with U.S. equipment and technology for less than the cost of newly manufactured locomotives from the foreign competition. Through strategically targeted reverse trade missions, USTDA intends to highlight U.S. technologies and services in the rail sector that can position U.S. firms to secure sales.

In FY 2010, USTDA hosted a delegation of Chinese rail officials to the United States to witness U.S. rail technology and equipment. As a result of this visit, **China procured over \$100 million** in locomotives from General Electric's Erie, PA manufacturing facility.

More broadly, transportation plays an important role in the development of a strong supply chain necessary to increase food security, an area where USTDA is already active and which presents significant opportunities for U.S. exports. As such, USTDA will continue to support transportation-related programs that focus on food security, including cold storage and supply chain management, in furtherance of the Millennium Development Goal of reducing hunger.

### ***Information and Communications Technology***

USTDA's support for information and communication technologies (ICT) has led to development gains abroad while opening emerging markets to increased exports of U.S.-developed ICT products and services. In a sector in which the United States is recognized for superior technology, U.S. companies are globally competitive in the supply of ICT goods and services. However, the sector is marked by strong foreign competition from Asia and Europe and from countries whose governments provide highly concessional tied financing for their companies. To enable U.S. exporters to cope with such competitive conditions, USTDA's ICT program plays a critical role in positioning U.S. companies to secure overseas contracts.

Information and communication technologies have a dramatic effect on economic development. ICT is strengthening voice and data networks, modernizing power transmission and distribution systems, facilitating regional transportation and trade, promoting government transparency and accountability, and improving revenue collection. Given the complexity of planning and implementing these systems, USTDA anticipates ongoing strong demand for ICT assistance around the globe. In FY 2012, USTDA will prioritize its efforts in areas where its assistance can have the greatest developmental impact while creating meaningful export opportunities for U.S. companies. In particular, USTDA will continue to focus on developing fiber optic and other ICT infrastructure and promoting the utilization of innovative ICT applications that take advantage of the technological capabilities offered through access to broadband.

USTDA's ICT strategy builds on the Agency's record of success. In FY 2012, this approach will include increased investment in sub-Saharan Africa and continued support for ICT development throughout the Middle East and North Africa. As mentioned above, in East Africa USTDA will continue to invest in the *East Africa Broadband Connectivity Initiative*. The Initiative was launched following the implementation of the SEACOM undersea fiber optic cable, as a means to promote U.S. ICT applications that will allow the region to exploit its new broadband capacity.

In addition to focusing on private sector driven projects such as SEACOM, USTDA will continue to support activities that leverage untied sources of financing from multilateral development banks. The World Bank, for example, has active ICT development programs that range from fiber connectivity to various e-government and telemedicine applications. Over the past five years these investments have totaled over \$3 billion across 80 countries. Likewise, the

African Development Bank (AfDB) has also been active in this sector, financing several major fiber optic connectivity projects across Africa and announcing its intent to scale up infrastructure financing, including ICT, in the next several years.<sup>5</sup> Leveraging this investment and growth, USTDA anticipates maintaining its record of success by supporting ICT projects in developing and middle income countries that provide a level playing field for U.S. technology providers.

### ***Environment and Water***

USTDA assists partner countries in their efforts to improve the environment through the use of U.S. goods and services. Although the efforts address the full spectrum of environmental needs, the lack of potable water is particularly acute in many countries. A decade ago, Fortune magazine predicted that water would become “the oil of the 21<sup>st</sup> century,” a prediction being fulfilled by the massive efforts undertaken in China, Brazil and elsewhere to respond to citizen demands for cleaner water as the first priority for improving the environment.

In addition to being important for developmental purposes, the environment and water is a sector with substantial U.S. export potential, a growing market in several USTDA priority countries, and available financing from the multilateral banks and other sources of credit.

Environmental technologies, which produced \$35 billion in U.S. exports in 2009, are growing rapidly in many developing economies.<sup>6</sup> Notwithstanding these exports, it is also a sector where U.S. companies face strong competition from European firms, who often enter local markets with overt support, financial and otherwise, of their governments.

USTDA’s program will respond to priority development projects presenting significant near-term opportunities for the use of U.S.-supplied goods and services. USTDA’s catalytic role in these projects is further warranted by the fact that in addition to Ex-Im’s Environmental Exports Program, many multilateral development banks and export credit agencies place a high priority on financing environmental technologies, increasing the likelihood of project implementation. For example, the World Bank alone has increased its investments in water projects from \$1.8

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<sup>5</sup> The Bank Group Information and Communications Technologies (ICT) Activities, January 6, 2010

<sup>6</sup> ITA, Environmental Industries, Trade Statistics for Environmental Products. Examples of developing economies with rapid growth in the environmental technologies sector include:

COUNTRY	2005	2009	% Δ 05-09
China	\$1,903,301,676	\$2,947,473,605	55%
Brazil	\$396,679,075	\$799,160,349	101%
India	\$350,043,658	\$661,484,900	89%
Colombia	\$111,853,249	247,561,754	121%
South Africa	\$123,164,325	198,411,594	61%

billion in 2003 to \$6.2 billion in 2009. Similarly, the Asian Development Bank has listed investments in environmental projects as a core area of operation in its 2008 – 2020 strategic plan.

### ***Healthcare***

The statistics are staggering: the global healthcare market is almost \$5 trillion, more than \$3 trillion of which is public and private spending outside of the U.S. Growth is particularly strong in the developing and middle-income countries USTDA targets, including the developing countries where USTDA already has successful programs and vibrant relationships. For example, the 2004-2009 healthcare demand growth rates were 21.7% in Brazil, 17.4% in India, and 13.3% in China.

It is also a sector in which U.S. companies have a strong competitive advantage as a result of superior technology, advanced ICT capabilities and a strong intellectual property position. U.S. companies are world leaders in medical technology as well as the sub-sectors upon which medical technology relies including microelectronics, telecommunications, instrumentation, software development and the like. It is also notable that most U.S. medical device companies are SMEs.

USTDA has an essential role to play in fostering U.S. healthcare exports (and the developmental benefits necessarily associated with those exports). USTDA intends to continue its supports for this sector by focusing on a small number of countries where USTDA already has a significant “footprint” and the kinds of existing relationships necessary to maximize the chances of success -- that is, to produce, in the shortest time possible, significant U.S. export activities that can lead to replication throughout the country. USTDA has carefully analyzed and assessed entry strategies in this sector and is identifying countries with growing markets, concomitant increasing quality care expectations by their citizens, as well as rising levels of chronic (as opposed to communicable) diseases requiring more procedures, diagnostic tests, and specialized treatment equipment.

## **SECTION IV: MEASURING OUR INVESTMENT**

USTDA's success in promoting U.S. exports and creating U.S. jobs is measured by the export multiplier and hit rate. The export multiplier is the amount of U.S. exports generated for every dollar in program funding in the most recent ten-year evaluation period. The hit rate is the percentage of Agency projects that resulted in U.S. exports in the most recent ten-year evaluation period. Since its inception in 1981, USTDA's programs have contributed to over \$35 billion in U.S. exports. These figures exceed established goals and reflect the Agency's ability to match the needs of emerging markets with solutions from the U.S. private sector.

### *Export Multiplier and Hit Rate Calculations*

The export multiplier is defined as the dollar amount of U.S. exports that have been associated with USTDA core budget assistance to projects, divided by the dollar amount of USTDA core budget obligations. For the most recent ten-year period for which information is complete (1998-2007), USTDA has identified almost \$14.2 billion in U.S. exports from completed projects for which USTDA obligated \$301 million. This results in an export multiplier of \$47.10 for every program dollar invested, far exceeding USTDA's goal of \$35.

$$\text{Export Multiplier: } \frac{\$14.178 \text{ billion}}{\$301 \text{ million}} = \$47.10$$

The hit rate represents the proportion of USTDA activities for which the Agency has identified exports. For the same ten-year period, 435 projects out of a total of 1,129 have produced exports, yielding a hit rate of 38.5%. This hit rate is appropriate for the early-stage projects in which USTDA invests, and USTDA consistently seeks to maximize output from investments made as evidenced by the accelerating export multiplier.

$$\text{Hit Rate: } \frac{435 \text{ projects}}{1,129 \text{ projects}} = 38.5\%$$

## **SIGNIFICANT ACHIEVEMENTS MADE IN FY 2010**

### *Supporting Exports*

FY 2010 proved to be a very successful year in the evaluation of the Agency's commercial impact with the identification of an additional \$2.2 billion in the export of U.S.-manufactured goods and services. This increase in U.S. exports led to the increase of USTDA's export multiplier from \$41 to \$47 in U.S. exports for every \$1 programmed by the Agency.

As described in detail in this submission, in FY 2010 USTDA focused its programs to support efforts to increase U.S. exports abroad and support job creation at home. Of particular importance was USTDA's launch of the International Business Partnership. The IBPP is already demonstrating results; increasing exports through highly targeted reverse trade missions and match-making events that are leading to exports and job creation.

### ***Internal Management***

USTDA again received an unqualified opinion from its auditor with respect to the Agency's financial statements. This continues a string of over ten consecutive years of unqualified opinions. In addition, this year USTDA received significant positive increases on its 2010 Employee Viewpoint Survey results. The Agency believe these results are attributable, in part, to management and leadership training that was provided in FY 2010.

## SECTION V: OPERATING EXPENSES

	<b>FY 2010</b>	<b>FY2011</b>	<b>FY2012</b>
	<b>Includes 2009 carryover</b>	<b>Budget Projections</b>	
<b>Operating Expenses</b>			
Full Time Permanent	\$3,699,104	\$4,619,537	\$4,861,640
Other Than Full Time Permanent	\$630,558	\$605,754	\$622,369
Other Personnel Compensation	\$144,740	\$169,939	\$173,400
Total Personal Services Payments	\$4,474,402	\$5,545,230	\$5,657,409
Civilian Personnel Benefits	\$1,197,447	\$1,417,625	\$1,406,400
Total Personnel Cost	\$5,671,849	\$6,812,855	\$7,063,809
Rental Payments to GSA/Others	\$1,539,876	\$1,184,779	\$1,452,090
Travel and Transportation	\$644,892	\$694,500	\$689,500
Communications, Util & Misc	\$115,428	\$126,700	\$124,700
Communications, Postal Fees & Mail Service	\$165,280	\$173,000	\$165,500
Printing and Reproduction	\$78,885	\$97,000	\$87,500
Consulting Services	\$3,240,083	\$2,596,168	\$2,877,830
Other Services	\$166,929	\$271,598	\$247,661
Inter-Agency Reimbursable Agreements	\$2,273,164	\$1,261,400	\$1,149,210
Operation and Management of Facilities	\$9,000	\$10,000	\$10,000
Equipment Maintenance	\$23,966	\$39,500	\$36,500
Supplies and Materials	\$82,389	\$68,000	\$65,700
Furniture and Equipment	\$194,319	\$64,500	\$30,000
Unallocated	\$593,894		
<b>Total Operating Expenses - Core Budget Obligations</b>	<b>\$14,799,954</b>	<b>\$13,400,000</b>	<b>\$14,000,000</b>
<b>Program Funds - Core Budget Obligations</b>	<b>\$42,000,000</b>	<b>\$41,800,000</b>	<b>\$42,270,000</b>
	<b>\$56,799,954</b>	<b>\$55,200,000</b>	<b>\$56,270,000</b>
FTE Count	50	50	50

USTDA's operating expense (OE) budget is \$14 million for FY 2012. This amount will enable the Agency to support funding for the Agency's strong and highly regarded Evaluations Program and develop and implement an effective management information system while also funding salaries, rent, equipment, communications and supplies.

### ***Evaluations***

USTDA maintains a robust Evaluations Program both to track the results of its program activities and to ensure accountability for the use of its funds. The Program includes both initial impact assessments and long er-range reviews. These assessments form a critical part of USTDA's strategic planning and ability to identify and better respond to priority sectors and countries. USTDA's Evaluations Program consists of an internal evaluations team and an external independent evaluations team. Together, the two evaluations teams regularly track over 800 projects. In FY 2010, USTDA invested in new database upgrades to the Program to enhance its capabilities and respond to PART requirements. Small additional investments will be necessary in FY 2012 to continue to refine the database to meet the needs of the Agency and to comply with the reporting requirements of OMB and other interagency requests for information.

### ***Developing and Implementing an Effective Management Information System***

Currently USTDA is in the build-out phase for the replacement of its in-house legacy management information system, the core IT system supporting USTDA's program. This legacy system is over 20 years old and requires constant vigilance and maintenance to ensure its viability. Securing qualified technical support has become increasingly difficult, as the system's technology is outdated and personnel familiar with the technology are limited. In FY 2012, the agency projects the new MIS will be completed and deployed at an estimated cost of \$450,000. The new MIS will provide a fully functional platform to support the effective management of all activities USTDA funds. In the long term, USTDA anticipates the new MIS will provide more operational flexibility and serve USTDA's mission in a more cost-effective, efficient manner.

### ***Significant Changes***

In FY 2009 and 2010, USTDA set aside funding to pay for a one-time conversion cost of USTDA's primary financial management system. Through an inter-agency reimbursable agreement in FY 2010, USTDA directed the National Business Center (Department of Interior) to migrate USTDA's primary financial management system from a stand-alone platform to a shared platform. By converting to a shared platform, USTDA's future IT costs will fall annually from approximately \$1 million in FY 2010 to \$400,000 in FY 2012. In addition, in FY 2010, USTDA funded ICASS and CSCS costs to the U.S. Department of State for its overseas offices

in FY 2011 causing a significantly higher 2010 level and unusually lower FY 2011 level in Inter-Agency Reimbursable Agreements.

## **SECTION VI: REPRESENTATIONAL FUNDS**

USTDA requests a representational fund of \$4,000. As a foreign assistance agency, it is essential that USTDA's representational funds be sufficient to allow Agency staff to operate appropriately in international diplomatic environments. As such, the Agency is requesting an amount that sufficiently supports both the extensive work the Agency engages in overseas and local programs that bring emerging economy decision-makers together with the U.S. business community.

## **SECTION VII: CONCLUSION**

USTDA's mission uniquely creates a win-win scenario for both U.S. businesses and emerging economies around the world. American technologies and service are unmatched, and the opportunity for business growth in the global market is boundless. The focus on exports is not new for USTDA. In fact, it is **the only development agency with a statutory mandate to promote U.S. exports**. As a result, the Agency not only has the experience, but a track record of proven success in export promotion. In the current economic recession, U.S. companies are struggling to grow and find new markets. USTDA is proven to efficiently and effectively leverage its program resources directly into U.S. exports. With **\$47 of American exports being realized from every dollar programmed**, the need for USTDA programs is as great as ever. To continue creating export opportunities for U.S. businesses while simultaneously helping emerging economies develop sustainably, USTDA respectfully requests a budget of \$56.27 million in FY2012.

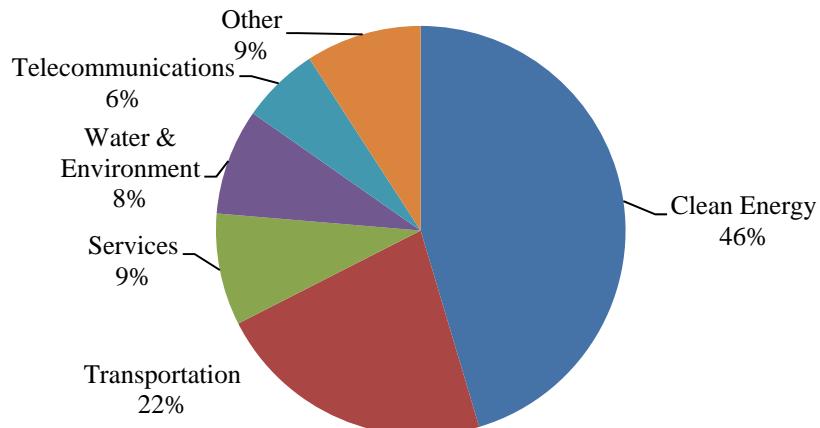
### **TOP SECTORS**

In FY 2010 USTDA funded 236 activities in 34 countries, including: 98 desk studies and definitional missions; 58 technical assistance activities; 43 feasibility studies; 1 conference; and 36 reverse trade missions. The following tables show the top five sectors where USTDA provided assistance in FY 2010, FY 2009, and FY 2008:

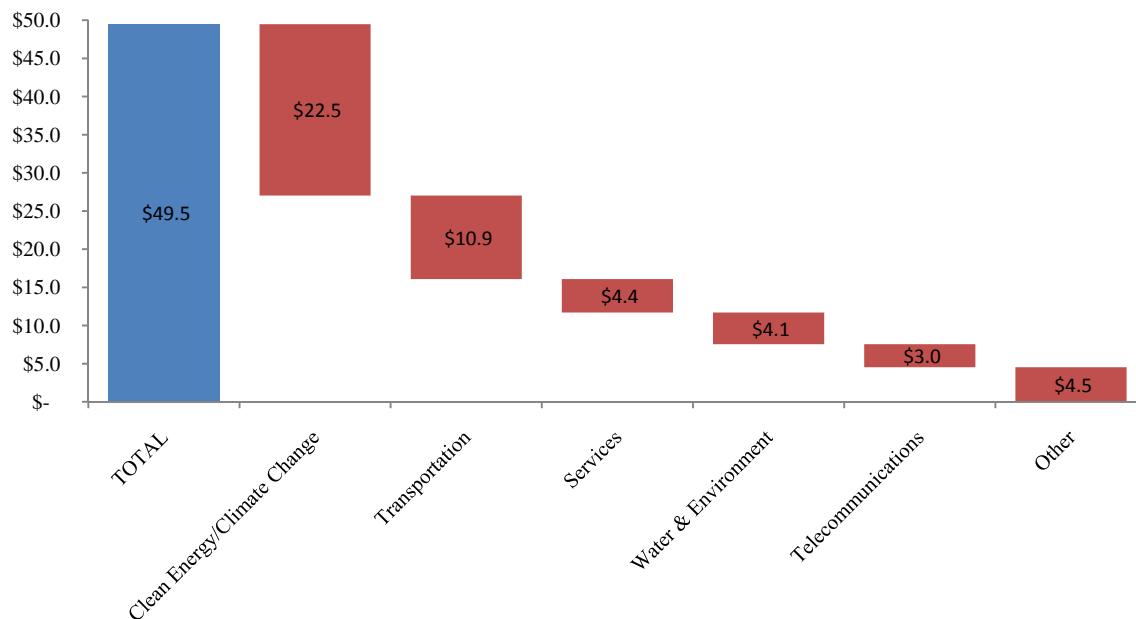
#### **TOP 5 SECTORS IN FY 2010**

<b>SECTOR</b>	<b>FUNDING AMOUNT</b>	<b>% OF FUNDING</b>
Clean Energy	\$22,453,434	45.4
Transportation	\$10,942,456	22.1
Services	\$4,367,970	8.9
Water & Environment	\$4,148,347	8.4
Telecommunications	\$3,034,904	6.1

**FY2010 Spending Breakdown by Sector**



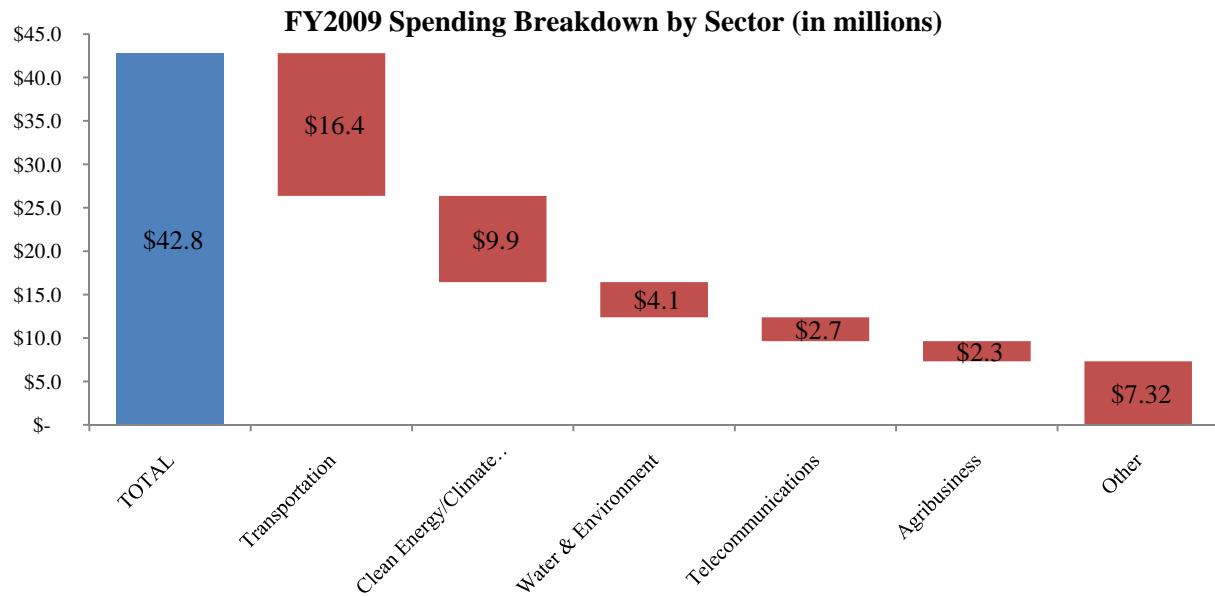
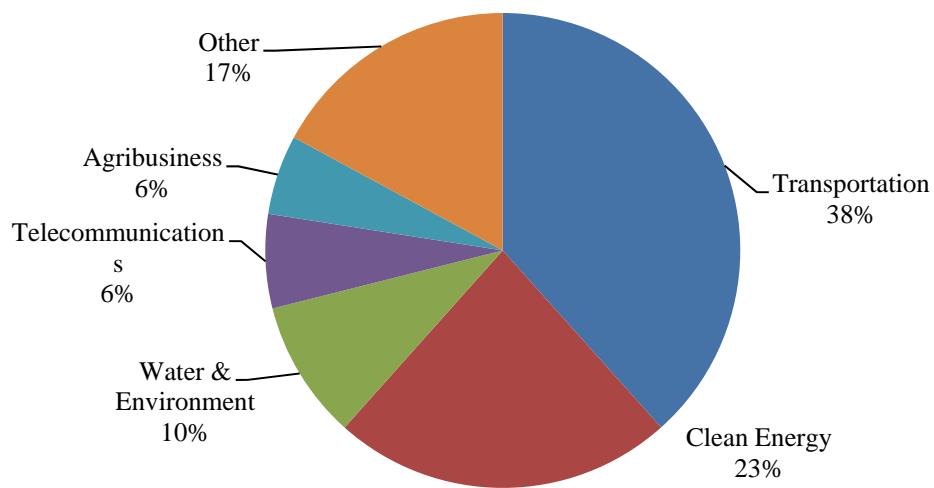
**FY2010 Spending Breakdown by Sector (in millions)**



### TOP 5 SECTORS IN FY 2009

SECTOR	FUNDING AMOUNT	% OF FUNDING
Transportation	\$16,426,031	38.4
Clean Energy	\$9,938,824	23.3
Water & Environment	\$4,052,211	9.5
Telecommunications	\$2,738,199	6.4
Agribusiness	\$2,320,892	5.4

**FY2009 Spending Breakdown by Sector**

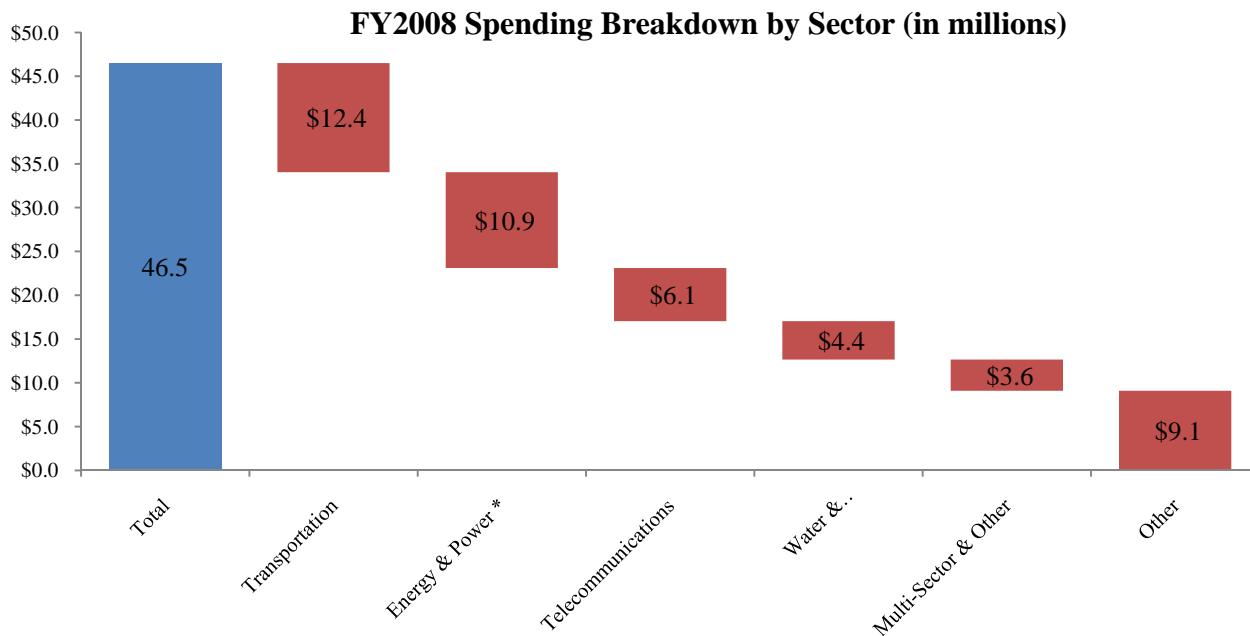
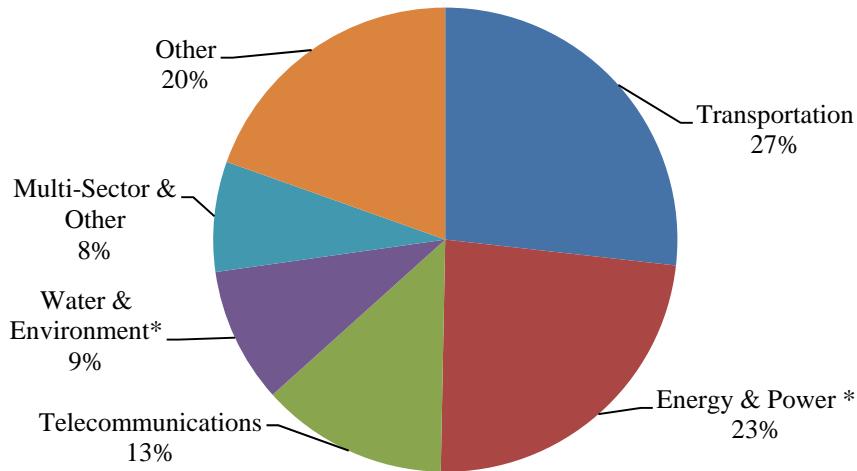


### TOP 5 SECTORS IN FY 2008

SECTOR	FUNDING AMOUNT	% OF FUNDING
Transportation	\$12,449,410	26.8
Energy & Power *	\$10,948,326	23.5
Telecommunications	\$6,060,674	13
Water & Environment*	\$4,380,012	9.4
Multi-Sector & Other	\$3,567,543	7.7

\*Includes Clean Energy projects, totaling over \$5.01 million

### FY2008 Spending Breakdown by Sector



**BUDGET HISTORY TABLE**  
**FY 2004 – FY 2012**

<b>Fiscal Year</b>	<b>Request</b>	<b>Appropriation</b>	<b>Carryover from Prior Year</b>	<b>Available for Obligation</b>	<b>Obligated</b>
<b>FY 2004</b>	\$60,000,000	\$49,705,000	\$578,000	\$50,283,000	\$50,586,000
<b>FY 2005</b>	\$50,000,000	\$51,088,000	\$1,436,000	\$52,524,000	\$51,159,000
<b>FY 2006</b>	\$48,900,000	\$50,391,000	\$2,549,000	\$52,940,000	\$52,626,000
<b>FY 2007</b>	\$50,300,000	\$50,432,000	\$1,344,000	\$51,776,000	\$49,078,000
<b>FY 2008</b>	\$50,400,000	\$49,992,000	\$2,817,000	\$52,809,000	\$52,777,000
<b>FY 2009</b>	\$50,800,000	\$50,800,000	\$1,314,000	\$52,114,000	\$50,739,442
<b>FY 2010</b>	\$55,200,000	\$55,200,000	\$2,031,787	\$57,321,787	\$55,121,631
<b>FY 2011</b>	\$56,200,000	n/a	\$2,103,085	n/a	n/a
<b>FY 2012</b>	\$56,270,000	n/a	n/a	n/a	n/a

## **USTDA FY 2012 ANNUAL PERFORMANCE PLAN**

### **I. Mission**

The U.S. Trade and Development Agency (USTDA) 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.

### **II. Performance Goals**

- 1) The agency plans to meet or exceed its performance targets for commercial impact in FY 2012 consistent with its Five-Year Strategic Plan.
  - Over \$35.00 of U.S. exports for every \$1 the agency obligates (the Multiplier).
  - Over 35% of the activities that USTDA funds will result in U.S. exports (the Hit Rate).
- 2) The agency plans to meet or exceed its performance targets for developmental impact.
  - Over 55% of its implemented activities will result in infrastructure/industrial projects.
  - Over 25% of its implemented activities will lead to adoption of market-oriented reforms.
  - Over 30% of its implemented activities will create 10 or more jobs, or train at least 10 people.
  - Over 50% of its implemented activities will result in the transfer of advanced technology or increased productivity.

### **III. Performance Results**

- In FY 2010 USTDA's export multiplier was over \$47 in U.S. exports for every \$1 programmed, far exceeding the target rate of \$35 set in USTDA's Five-Year Strategic

Plan. Similarly, USTDA's hit rate is currently 38.5%, again exceeding the target rate of 35% set in USTDA's Five-Year Strategic Plan.

#### **IV. FY 2012 Priorities for Program Budget**

- Increased funding for programs in priority countries and sectors that will advance Administration's goal of doubling exports over next five years.
  - Priority countries include: China, India, Brazil, Colombia, Mexico, Indonesia, South Africa, Turkey, and Vietnam.
  - Targeted sectors include: clean energy, transportation, ICT, water and the environment and healthcare.
- Support for developmental priorities include:
  - Advancing the Millennium Development Goals in Africa.
  - Increasing support for economic development programs in Muslim-majority communities that hold the potential for increased U.S. exports.

#### **V. FY 2012 Priorities for OE Budget**

- Funding the Agency's strong Evaluation Program.
- Developing and implementing an effective management information system.



## **U.S. Trade and Development Agency Success Stories**

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### **Brighter Sales in South Africa**



This year, USTDA worked with representatives of the public and private sectors in South Africa to reduce energy consumption by investing in energy efficient technologies. This program included a training session in South Africa and a reverse trade mission that introduced delegates to energy efficient technologies, equipment, and best practices. Based on this experience and a relationship forged during the reverse trade mission to the United States, the General Manager of Store

Development for Pick n Pay, a grocery chain in South Africa with over 700 stores, placed a breakthrough order for energy efficient skylights from Sunoptics (Sacramento, CA) to enhance natural lighting for its new flagship store that opened in October 2010. Use of these patented prismatic skylights is estimated to reduce energy costs by 70% to 80%. It is anticipated that the initial sales for Sunoptics will lead to future orders in South Africa.



### **Biomicrobics: Fast Results in the Philippines**



In June 2010, during an environmental workshop in the Philippines, USTDA introduced representatives from the Manila Water Company (MWC) to Bio-Microbics, a small business headquartered in Shawnee, Kansas. As a direct result of this workshop and an ongoing USTDA-funded feasibility study on wastewater treatment facilities in the Philippines, Bio-Microbics secured new sales contracts with MWC. Bio-Microbics received sales orders during the workshop itself, and company President Robert Rebori later stated that the event, "resulted in immediate and likely long-term sales for Bio-Microbics...."

### **Success Story: Clean Energy, Clear Benefits in Thailand**

In recent years, USTDA has helped Thailand's state-owned oil and gas company, PTT, identify the optimum design and specifications for the country's first liquefied natural gas (LNG) receiving terminal at Map Ta Phut. This terminal is needed to meet Thailand's growing requirements for clean gas fuels and to avoid additional coal-based power generation. As a result of a USTDA-funded feasibility study conducted by Pace Global Energy, full project implementation is now underway on this \$1 billion project. To date, at least 22 U.S. companies from 13 states have entered into contracts to provide services and technologies critical to the success of the terminal.



### **Increasing Power Reliability in South Africa**

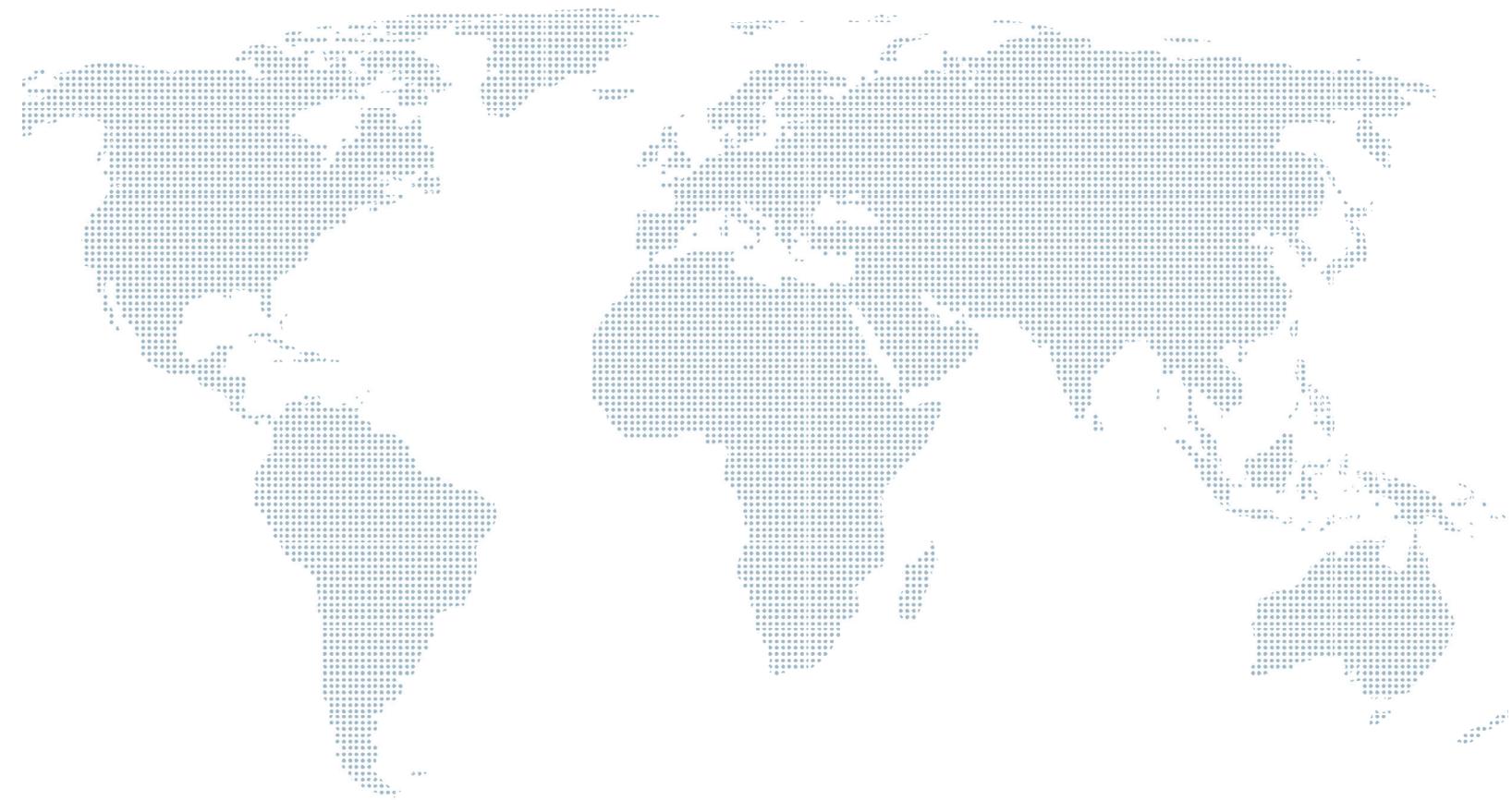
For several years, USTDA has partnered with South Africa's eThekini Electricity, a leading domestic power distribution company, to promote and implement energy efficiency strategies for the modernization and expansion of its grid. USTDA-funded technical assistance included a plan for an integrated information technology (IT) system to allow the company to tie customer data with supply information in real time.

eThekini Electricity awarded the first phase of the project—a multimillion dollar outage management system—to General Electric following an open tender process. U.S. companies also will be able to compete in subsequent phases expected to be implemented in 2011.

In addition to creating opportunities for U.S. technology providers, USTDA's partnership with eThekini Electricity enables more cost-effective service and faster response to network and system problems for the utility's 630,000 residential and commercial customers.



U.S. TRADE AND DEVELOPMENT AGENCY  
**FISCAL YEAR 2013 CONGRESSIONAL BUDGET JUSTIFICATION**



## 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 U.S. Trade and Development Agency (USTDA) budget is an investment to support job creation and economic growth since USTDA is an agency with a long history of proven results in achieving these objectives. Efficient and agile, USTDA produces significant results for U.S. businesses. The agency helps companies create jobs through the export of U.S. goods and services for priority development projects in emerging economies. It 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 our partner countries. This strategic use of resources is proven to be highly effective: **every \$1 programmed by USTDA generates over \$58 in exports of U.S.-manufactured goods and services.** The agency had a record-breaking year in FY 2011, identifying **\$4.9 billion in U.S. exports attributable to USTDA program funding.**

To continue this effort, USTDA respectfully requests a budget of \$57.6 million for fiscal year (FY) 2013. This budget request is designed to support job creation in the United States and further policy objectives through the support of economic growth programs, and is justified by a strong record of results.

### ***USTDA Mission, History and Uniqueness***

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 needs: (1) generating economic growth and jobs at home; and (2) promoting investments in "smart" development to generate measurable developmental impacts and ensure long-term sustainability. It accomplishes these results 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 in its statutory mission and in its expertise and operations to continue making significant contributions toward 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 information and communications technology (ICT). 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 has unique 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 Act<sup>1</sup>. 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 increasingly fierce competition that U.S. companies face in emerging economies has led to a rise in requests for USTDA support from U.S. firms in their efforts 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 against competition from abroad.

**“** 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 Programs Open Markets for U.S. Companies***

USTDA's has a unique array of program opportunities available for U.S. firms to leverage in their drive to seek international markets for their goods and services. The following USTDA 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, in FY 2010 USTDA launched the International Business Partnership Program (IBPP). The IBPP 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 consistently increased each year's 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

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<sup>1</sup> Sec. 201. Trade and Development Agency, Jobs Through Exports Act of 1992.

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.

Also, USTDA 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 these export opportunities.

In FY 2011, IBPP programs connected more than **600 foreign buyers** to **1,000 U.S. company representatives.**

Together, IBPP programs connected more than 3,000 foreign buyers to 1,100 U.S. company representatives in FY 2011 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 for ongoing 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 with 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.

## Cooperation Programs: USTDA Programs Open Markets for U.S. Companies

Utilizing all of the tools outlined above, USTDA has launched several Cooperation Programs, which are innovative public-private partnerships that advance development projects in sectors where U.S. technology is highly competitive and is likely to lead to significant export opportunities. In these programs, which specifically address one industry in one partner country, members include U.S. companies, local government, USTDA, and other U.S. government agencies.

Currently, cooperation programs exist for the aviation and energy sectors in China and India and healthcare sector in China. These programs include trainings, reverse trade missions, and exchanges of professionals between the U.S. and partner countries, so that our partner countries can benefit from American expertise, and U.S. business representatives can establish strong relationships with overseas markets.

### ***Focusing USTDA's Program to Increase Return on U.S. Taxpayer Money***

USTDA sets strategic goals and meets them through responsive, innovative, and effective program strategies. Based upon rigorous performance evaluations, USTDA has tailored its program to concentrate on countries that provide the highest impact on U.S. taxpayer dollars, both in export returns and foreign policy objectives. In FY 2011, USTDA narrowed its focus to 26 priority countries of 131 countries eligible for USTDA assistance. In FY 2013, USTDA will continue to narrow its focus to target 20 priority countries that offer the strongest opportunities to our business partners (See Section II). Concomitantly with the narrowing of USTDA's country focus, to better position U.S. firms in the international arena and invest in projects that will most likely provide the highest return, USTDA has programmed its funds towards priority sectors where U.S. industry is particularly strong. As discussed below, USTDA has prioritized investment in the energy, transportation, and ICT with a limited program in the healthcare sector.

**“** 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 U.S. Businesses***

Small businesses are creating about 70 percent of the new jobs in America, and USTDA has helped U.S. small businesses expand into international markets. Today, 95 percent of the world's consumers live outside the United States, and small businesses can grow dramatically by reaching those foreign markets.

USTDA draws extensively on the expertise of small consulting and engineering firms to provide a variety of services related to project definition and evaluation. For example, more than 90% of direct contracts awarded by the Agency are performed by small businesses. Furthermore, over 44% of grants awarded to overseas project sponsors directly lead to contracts with U.S. small businesses. These figures have remained relatively stable, and USTDA expects this support will continue in FY 2013.

### **SUCCESS STORY:**

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



*NTELX technology implemented in Jordan*

NTELX, a Vienna, VA-based IT solutions provider, entered the international marketplace through a USTDA-funded pilot project to improve the flow of freight traffic at the congested Port of Aqaba in Jordan. NTELX's customized system substantially reduced processing times for trucks in the port's special economic zone, improved traffic flow, led to a country-wide reduction in the cost of trucking by 20 percent, and eliminated approximately 5,000 tons annually of carbon emissions. NTELX was awarded a ten year contract to manage traffic systems at the Port of Aqaba. As a result of this project, NTELX was able to replicate this success in Iraq and continues to explore other new business opportunities in the region.

## SECTION II: REGIONAL FOCUS AND PRIORITY AREAS

USTDA focuses on countries that represent high developmental priorities with the likelihood for commercial success in an effort to maximize the return on U.S. taxpayer dollars. As has been the case historically, emerging economies are projected to grow at a faster rate than are developed economies<sup>2</sup>. For FY 2013, USTDA will target **20 key markets** that offer strong probability of project success, potential for U.S. exports, and strong developmental benefits.

As seen in the adjacent table, from the World Bank Global Outlook, together these 20 emerging economies are expected to grow 5.7 percent in 2013<sup>3</sup>. That growth rate is significantly higher than the expected 3.6 percent world GDP growth, and more than twice that of the world's high-income countries, which expect only a 2.3 percent GDP growth rate in 2013<sup>4</sup>.

In these priority countries, the economic growth and expanding share of the U.S. export market<sup>5</sup> offer myriad 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 in such competition. In each of these identified markets, USTDA will focus on priority sectors (See Section III) consistent with its export promotion and development mission.

**GDP Growth Projections in  
USTDA Priority Countries, 2010-2013**

Real GDP growth	2010 estimate	2011 forecast	2012 forecast	2013 forecast
<b>World</b>	3.8	3.2	3.6	3.6
<b>High Income</b>	2.7	2.2	2.7	2.6
<b>United States</b>	2.8	2.6	2.9	2.7
<b>Priority Countries</b>	<b>5.6</b>	<b>5.4</b>	<b>5.6</b>	<b>5.7</b>
<b>Angola</b>	3.4	6.7	8.1	7.8
<b>Brazil</b>	7.5	4.2	4.1	3.8
<b>Chile</b>	5.2	6.1	5	4.5
<b>China</b>	10.3	9.3	8.7	8.8
<b>Colombia</b>	4.3	4.7	4.4	4.2
<b>Egypt</b>	5.2	1.0	3.5	5.0
<b>Ghana</b>	7.7	13.4	10.0	8.0
<b>India</b>	8.8	8.0	8.4	8.5
<b>Indonesia</b>	6.1	6.3	6.5	6.5
<b>Jordan</b>	3.1	3.5	4.0	5.0
<b>Kenya</b>	5.6	4.8	5.0	5.2
<b>Mexico</b>	5.5	4.4	4.1	4.2
<b>Morocco</b>	3.3	4.4	4.5	5.0
<b>Nigeria</b>	7.9	7.1	7.5	7.3
<b>Pakistan*</b>	4.1	2.5	3.9	4.3
<b>Philippines</b>	7.3	5.0	5.4	5.5
<b>Romania</b>	-1.2	1.6	3.7	4.0
<b>South Africa</b>	2.8	3.5	4.1	4.4
<b>Turkey</b>	8.9	6.1	5.1	5.3
<b>Vietnam</b>	6.8	6	6.8	7.2

*Source: World Bank Global Outlook*

<sup>2</sup> IMF, World Economic Outlook Update: A Policy-Driven, Multispeed Recovery, January 26, 2010, Figure 1.

<sup>3</sup> Consistent with World Bank methodologies, the aggregate growth rates for the 20 priority countries were calculated using a weighted average, thereby accounting for relative size of the priority country economies.

<sup>4</sup> World Bank Global Outlook Summary, June 2011

<sup>5</sup> 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.

## ***Major Developing Economies***

China, India, and Brazil are three major developing economies that offer U.S. exporters remarkable export opportunities. These three countries have rebounded quickly from the global economic crisis, and are experiencing rapid GDP growth. In the coming year, China's economy is expected to grow nearly 9%, India's growth is expected to be over 8%, and Brazil's growth is projected at more than 4%. All of these countries have growth projections well above the 2.3% world average<sup>6</sup>.

Simply put, China, India, and Brazil will have the need and resources to acquire a substantial amount of goods and services over the coming years, much of which will be imported. In order for the U.S. to be competitive in these growing markets, it is essential that procurement and project development officials in those countries gain experience with and meaningful access to U.S. goods and services. Further, USTDA efforts to build trade capacity and develop infrastructure for trade will leverage the growth of these countries into dynamic trade partners.

In FY 2013, China will remain a key market for USTDA to promote public-private partnerships and strategic trade policy initiatives designed to reverse the current trade deficit. Infrastructure planning activities in core sectors such as energy and transportation will comprise a majority of the portfolio in FY 2013, 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.

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 India for FY 2013, USTDA expects to see increased activity in clean energy and energy efficiency activities as the U.S.-India Energy Cooperation Program, which formally began in November 2010, continues its rapid growth. At the launch of the program USTDA sponsored the Efficiency and Clean Energy Exchange Program which involved a series of four visits to the United States to introduce Indian energy sector officials to U.S. technologies and best practices in smart grid, grid-scale solar, unconventional gas and industrial energy efficiency. Through these visits, USTDA identified opportunities to play a role in ensuring U.S. companies are positioned to win new contract opportunities. In the aviation sector, USTDA will continue to play a central role supporting

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<sup>6</sup> The World Bank, Global Economic Prospects, "The Global Outlook in Summary, 2009-2013".

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 actions consistent with USG policy and India's development goals, while leveraging substantial cost-sharing from U.S. aviation companies.

In Brazil, as the country prepares to host the Olympics in 2014 for 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. Inspired by the continued success of the Aviation Cooperation Programs in China and India, and in response to the requests of our aviation industry private sector partners, USTDA will soon launch a U.S.-Brazil Aviation Cooperation Program. The Brazilian aviation market has grown 194% in 10 years, and that growth is expected to continue. This public-private partnership, beginning in FY 2012, is expected to grow throughout FY 2013, and will connect U.S. businesses directly with opportunities to be a part of the growing market.

In addition, the increasing investment by the Brazilian Government into the country's infrastructure will lead to significant demand for USTDA's assistance by U.S. companies looking to increase their exports into the Brazilian market as the country modernizes its transportation systems and expands its energy and ICT sectors.

### ***Next Tier Markets***

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

USTDA’s program in Mexico and Colombia in FY 2013 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 ICT. In Mexico, such projects will derive from Mexico’s National Infrastructure Program, 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 assist Colombia prepare for significant investments in transportation systems and clean energy development.

In Vietnam, USTDA expects to continue its focus on clean energy and transportation programs in FY 2013. The Government of Vietnam has recently expressed an interest in working closely with USTDA to promote clean energy development to offset the substantial coal projects that are currently moving forward. Vietnam specifically requested consideration for wind, biomass, and waste-to-energy opportunities. Important to this success, PetroVietnam, the state-owned oil and

gas company, has created a renewable division that will focus on opportunities in the near term and create demand for renewable and clean energy technologies, where the United States has a distinct competitive advantage.

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 U.S. Export-Import 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 clean energy, ICT, and transportation sectors are poised to benefit from substantial development, particularly in the larger economies in the region such as Morocco, Egypt<sup>7</sup> 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.

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

#### SUCCESS STORY:

### *Colombia Refinery Fuels American Jobs*



*Cartagena's Oil Refinery*

As the result of a feasibility study and associated reverse trade mission funded by USTDA, the Cartagena Refinery (REFICAR) received approval of a \$2.8 billion loan/loan guarantee from the Export-Import Bank of the United States in 2011. This financing supports the purchase of equipment and services from over 150 large and small U.S. engineering/design, equipment supply, contracting, and process license firms, and supports about 15,000 American jobs.

Already, Chicago Bridge & Iron (CB&I) has won a \$1.4 billion engineering, procurement, and construction contract for the refinery expansion in the face of stiff foreign competition from companies in Korea, Argentina, and Italy. The project includes revamping the existing 80,000 barrel per day refinery to enable REFICAR to produce clean, ultra-low sulfur gasoline and diesel from heavy crude.

<sup>7</sup> USTDA will take guidance from the Department of State on ongoing and developing program activities in Egypt. As the situation there continues to change, USTDA will continue to assess the demand for involvement in addition to efficacy of continuing to work there.

pursuing additional activities 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 ICT to energy, 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 100<sup>th</sup> 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 the Agency's activities continue to support U.S. private sector engagement in the region. 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***

**“** CCA and its members have enjoyed a close and mutually beneficial relationship with USTDA... USTDA's involvement in African 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*

Africa is a largely untapped market for U.S. businesses, providing opportunity today and great potential for growth in the future. Between 2000 and 2008, Africa's annual output grew by 4.9%, faster than the global average of 3.8%. In FY 2012, the IMF projects that Sub-Saharan Africa will experience 5.8% economic growth, nearly 150% of the global average<sup>8</sup>. Most importantly the market is large, with more than one billion people living in Africa, young, and growing rapidly.

Investments in ICT infrastructure throughout Sub-Saharan Africa are contributing to dynamic growth across multiple

economic sectors. In particular, undersea fiber optic cables, such as SEACOM, are dramatically increasing connectivity and reducing prices for information and communication services in East Africa. USTDA supported the development of these cable systems through multi-year efforts (including reverse trade missions and conferences) to link African project sponsors with U.S. technology and services. Ultimately, the SEACOM project was designed and installed using

<sup>8</sup> International Monetary Fund World Economic Outlook, April 2011.

U.S.-based state-of-the-art technology and, when launched in July 2009, demonstrated a historic shift in how Africa communicates with the rest of the world

In FY 2013, USTDA intends to continue to help Sub-Saharan Africa benefit from its newfound broadband capacity. In August 2010, USTDA formed the *East Africa Broadband Connectivity (EABC) Initiative* to advance ICT infrastructure, use of applications, and economic integration in the East African Community. Focus areas of the *EABC Initiative* include: (1) expanding terrestrial fiber optic networks and other ICT infrastructure; (2) promoting regional integration and linkages between East Africa and the rest of the world; and (3) promoting the utilization of innovative ICT applications in areas such as e-Health, e-Education and e-Banking. The USTDA efforts in telecommunications in Africa, including the EABC, will continue to play a prominent role in FY 2013.

For the foreseeable future, USTDA anticipates great interest by the U.S. private sector and African energy sector officials for clean energy solutions on the continent. As such, the Agency expects in FY 2013 to extend support for its *African Clean Energy Solutions (ACES) Initiative*, which was launched in August 2010. The *ACES Initiative* provides a framework for a series of activities that will advance USTDA's clean energy investments in Sub-Saharan Africa. Focus areas include: (1) supporting power generation using clean energy sources; (2) modernizing transmission and distribution grids; and (3) promoting energy efficiency and demand-side management.

In response to South Africa's commitment to invest heavily in efficient energy, in FY 2012 USTDA sponsored a successful Smart Grid Workshop and will follow it up with a reverse trade mission in the Spring of FY 2012. The South African Government's ongoing commitment to investing in energy efficient technologies and increasing clean energy capacity will continue over the next decade, and USTDA programs in FY 2013 and beyond will ensure that U.S. companies have an edge in that expanding market.

Together with clean energy and ICT, USTDA will prioritize transportation sector investments as part of our strategy for promoting U.S. business interests and economic development in Sub-Saharan Africa. Many of Africa's transportation networks remain underdeveloped and are an impediment to economic growth. In addition to poor infrastructure, Sub-Saharan Africa's competitiveness suffers from inadequate capacity related to trade logistics, supply chain management, and customs administration.

In FY 2013 USTDA will continue to focus its transportation sector strategy on developing regional solutions and integration. The model for our participation will be the Agency's multimodal *African Trade Lanes Partnership*. This initiative aims to advance the development of Sub-Saharan Africa's most vital trade lanes and transportation networks to facilitate local,

regional, and global trade. It also provides a more uniform context for USTDA's work in the region, promoting regional cooperation and connectivity in all modes of transportation, including aviation, maritime, land, and rail.

Ultimately, efforts to stimulate economic development in Sub-Saharan Africa will be paramount to achieving sustainable global development and dramatically increasing U.S. exports in the coming years. Over the last few years, countries across Africa have experienced some of the fastest growth rates in the world. This trend is sustaining economic development in the region, while presenting new business opportunities for U.S. firms.

### SECTION III: SECTOR FOCUS

USTDA's FY 2013 budget was developed based upon the assumption that USTDA would focus not only on priority countries, but also on priority sectors that: 1) reflect the greatest demand from developing and middle-income countries; 2) represent areas of U.S. private sector expertise and competitiveness; and, 3) have the greatest likelihood of receiving implementation financing. As a result, USTDA anticipates that it will continue to focus on its three established priority sectors: clean energy, transportation, and ICT. Furthermore, the budget request includes limited funding for a strategic healthcare program which will respond to the large demand from abroad as well as requests from the U.S. healthcare industry.

#### **Clean Energy**

The United States is positioned as a global leader in developing and manufacturing cutting-edge clean energy technologies. At the same time, emerging countries increasingly have the parallel objectives of increasing energy production, diversifying sources of supply, and improving environmental standards. As a result of both the demand for clean energy in priority countries and the growth of new energy and energy efficient technologies from U.S. sources, USTDA continues to invest in clean energy activities. This continued investment proves even more valuable as the demand from emerging economies and the supply of even newer U.S. technologies are anticipated to increase throughout FY 2013.

The renewable energy market, for example, is rapidly expanding. Global demand for hydroelectric, solar, and wind powered generation technology has experienced more

#### **SUCCESS STORY:**

#### *Solatube Sees Light of Day in China*

As a U.S.-China Energy Cooperation Program (ECP) founding member, California-based Solatube has become a leading force in opening China's clean energy market for U.S. exports. Solatube's patented daylighting devices use advanced optics to bring natural lighting into interior building spaces.



*Example of Solatube daylighting system for commercial use.*

When Solatube first arrived in China in 2009, the daylighting industry was nonexistent, requiring Solatube to establish industry design standards to generate acceptance of and demand for its products. To pursue this challenge, Solatube became a founding member of the ECP in 2010. Through the ECP, Solatube participated in two reverse trade missions during which Chinese delegations visited Solatube customer sites and saw demonstrations of its daylighting technologies. Following the first visit, Solatube secured its first government project in Xinxiang City in Henan Province for the design and installation of daylighting units in two buildings.

Solatube then won a 20,000-square meter project in Shanxi, as well as an invitation to participate in the drafting and revision of three building lighting standards that now include daylighting systems.

When reflecting on ECP's value to U.S. business, Solatube General Manager Catherine Zhou stated "ECP gives small and medium enterprises, especially those leading a new industry, the leverage needed to work with the government, and to reach out to the Chinese market and get results."

than 30 percent annual growth throughout the past decade, and rapid expansion is expected to continue. With the cost of solar power generation decreasing 70 percent over the last three years, and the cost of wind power generation decreasing 80 percent over the last 25 years, renewable energy is now becoming a more affordable and attractive option for emerging economies. In response to this demand, U.S. companies are pioneering innovative technologies across all clean energy subsectors and are exporting their products more and more as new emerging technologies dramatically lower costs. U.S. photovoltaic exports alone, for example, have increased by 200 percent since 2006, while U.S. exports of wind technologies have seen an average annual growth rate of almost 30 percent since 2007<sup>9</sup>.

In response to this global demand and increasing requests from U.S. companies for assistance, USTDA is continuing to prioritize investments in clean energy and energy efficiency projects. Under its clean energy program, USTDA invests in: (1) renewable energy development, with a primary emphasis on solar and wind power generation and a secondary emphasis on geothermal and biomass/waste-to-energy power generation; (2) energy efficiency, with a primary focus on smart grid development; and (3) cleaner forms of traditional power generation utilizing technologies that reduce emissions, focusing on natural gas development and other cleaner alternatives to coal.

In response to this growth, USTDA has recently launched three key programs. The U.S-China Energy Cooperation Program, with over more than 45 member companies, and the U.S-India Energy Cooperation Program, with 17 member companies, advance clean energy projects where U.S. technology is highly competitive and is likely to generate significant export opportunities. The U.S-China Energy Cooperation Program has already sponsored five grants, four study tours, and a host of workshops and pilot projects, and more activity is planned through FYs 2012 and 2013. Through reverse trade missions, feasibility studies, conferences, and other activities organized under these public-private partnerships, USTDA will continue identifying opportunities to play a role in ensuring U.S. companies are best positioned to win new contract opportunities.

In 2010, USTDA also launched the *Clean Energy Exchange Program for the Americas*. USTDA has already hosted six reverse trade missions to introduce Latin American and Caribbean leaders to U.S. technology and service providers. In FY 2013, USTDA will assist specific export opportunities that have arisen from the visits already undertaken.

In summary, USTDA's record of success in quickly responding to the challenges impeding clean energy development in emerging economies makes the Agency an important tool to open markets for U.S.-manufactured clean energy technologies.

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<sup>9</sup> US International Trade Commission, *Executive Briefings on Trade June 2011*

## **Transportation**

Recognizing the crucial role that transportation infrastructure plays in the development of low-and middle-income countries, USTDA seeks to employ U.S. transportation technology and expertise in expanding this vital infrastructure in emerging economies. Efficient and expansive transportation systems in a nation create better access for all citizens to economic markets, healthcare, and food sources. It increases the reliability and productivity of any given economy.

Transportation is both a 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 our 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.

The transportation sector is a key component of the U.S. manufacturing base that supplies products to U.S. consumers and countries around the world. It is also a sector in which USTDA's assistance has succeeded in combating stiff foreign competition. In particular, the aviation and rail sub-sectors have been important drivers of export success, supporting thousands of high-paying manufacturing jobs in some of the hardest hit parts of the United States. These

sub-sectors are also well known for sourcing components from large and small companies in every state, making increasing exports of aircraft and rail equipment critical to supporting broad-based U.S. job creation through increased exports.

### **SUCCESS STORY:**

#### *U.S. Exports Take Off in Vietnam*

Helping Vietnam obtain Category I (CAT I) flight status under the FAA's International Aviation Safety Assessment Program was the goal of USTDA's multi-year program on aviation safety for the Civil Aviation Administration of Vietnam (CAAV). The expert assistance has helped strengthen CAAV record keeping, licensing, and certification procedures. In anticipation of operating longer distance flights, Vietnam Airlines has begun expanding its fleet with the purchase of Boeing aircraft, which has led to more than \$1 billion in exports of U.S.-manufactured goods and services from Boeing and its hundreds of suppliers located throughout the country.

As the aviation industry continues to bounce back from a long recession, the international aviation market is expected to comprise nearly half of all U.S. aviation sales in 2012. Indeed, capacity constraints in other countries are already foreseen for aircraft, airports, and airspace controls. Each of these areas represents an export market for U.S. manufactured goods and services, though not without significant foreign competition often aided by their governments. For example, U.S. engine manufacturers are facing stiff competition from European rivals (heavily supported by their own

governments) to supply engines for Airbus's A380 aircraft in Vietnam and India, with each contract representing billions of dollars of export sales and representing the potential to support

thousands of high-paying manufacturing jobs in the United States. Beyond aircraft, there is a significant need for airports, navigation systems, and many other industries in the aviation sector.

The aviation industry has seen remarkable gains in China, and more accelerated growth is anticipated. As of last year, the Chinese airline fleet size was just under 1600 aircraft. By 2015, that number is expected to grow to more than 2700 aircraft – an addition of a new aircraft every two days. India has also witnessed dramatic increases in aviation growth, recording 18% annual growth rates. To respond to this growth, the Investment Commission of India estimates that India will need to invest \$80 billion for new aircraft and \$30 billion for airport infrastructure by 2020.

At the targeted opportunity level, the Agency focuses on strategic rail and port projects, which are of equal importance when trying to establish safe and secure supply chains. Therefore, USTDA will continue to work with countries to make the necessary investments in logistics and security management for rail and port development. For port-specific investments, the Agency will target vessel traffic management systems, customs facilitation, and overall port security projects where U.S. companies have a competitive advantage. In the rail sub-sector, USTDA will support the sale of U.S.-manufactured heavy-haul locomotive engines, development of efficient freight management and track maintenance systems, and signaling and communication technology.

In addition to the Agency's support of traditional supply chain management projects, USTDA also uses its expertise in the transportation sector to further the USG's food security initiative. USTDA has supported many transportation projects to directly enhance food security efforts in individual countries. More specifically, the Agency has funded multiple cold chain development projects with the explicit goal of moving food from farm-to-market efficiently and safely. As the Agency seeks to support multiple new transportation projects in FY 2013, it will look closely at those specific projects that can facilitate and support increased food security.

### ***Information and Communications Technology***

In today's modern world, almost nothing functions without an ICT system. As technology has evolved, what used to be classified as basic telecommunications infrastructure to operate telephone lines has grown exponentially to now support industrial sectors from modern transportation systems to smart grid power distribution systems. Many developing and middle-income countries have prioritized investments in ICT infrastructure, which is seen as the best way to leap forward and encourage economic growth. These emerging economies are looking to build fiber optic backbones, increase broadband capabilities, and establish data centers and cloud networks so that they can use expanded ICT applications to improve effectiveness in such areas as banking, e-government, transportation, and water delivery. The increased global demand for ICT infrastructure bodes well for U.S. companies, as the United States has historically been a leader in the global ICT market and U.S. companies are at the forefront of innovation in these

technologies. However, foreign competition from Asia and Europe is fierce and warrants USTDA's continued support in this sector to ensure that U.S. business maintains global leadership.

The advancement of these technologies has a dramatic effect on economic development. ICT is strengthening voice and data networks, modernizing power transmission and distribution systems, facilitating regional transportation and trade, promoting government transparency and accountability, and improving revenue collection. Given the complexity of planning and implementing these systems, USTDA anticipates ongoing strong demand for ICT assistance around the globe. In FY 2013, USTDA will prioritize its efforts in areas where its assistance can have the greatest developmental impact while creating meaningful export opportunities for U.S. companies. In particular, USTDA will continue to focus on developing fiber optic and other ICT infrastructure and promoting the utilization of innovative ICT applications that take advantage of the technological capabilities offered through access to broadband.

USTDA's ICT strategy builds on the Agency's record of success. In FY 2013, this approach will include increased investment in sub-Saharan Africa and continued support for ICT development throughout the Middle East and North Africa. As mentioned above, in East Africa USTDA will continue to invest in the *East Africa Broadband Connectivity Initiative*. The Initiative was launched following the implementation of the SEACOM undersea fiber optic cable, as a means to promote U.S. ICT applications that will allow the region to exploit its new broadband capacity.

In addition to focusing on private sector driven projects such as SEACOM, USTDA will continue to support activities that leverage untied sources of financing from multilateral development banks. The World Bank, for example, has active ICT development programs that range from fiber connectivity to various e-government and telemedicine applications. Likewise, the African Development Bank (AfDB) has also been active in this sector, financing several major fiber optic connectivity projects across Africa and announcing its intent to scale up infrastructure financing, including ICT, in the next several years.<sup>10</sup> Leveraging this investment and growth, USTDA anticipates maintaining its record of success by supporting ICT projects in developing and middle income countries that provide a level playing field for U.S. technology providers.

### ***Healthcare***

In FY 2011, USTDA recognized that there were special opportunities within certain regions that fell outside of the three established priority sectors. As such, the Agency agreed to distinguish sectors of special consideration to help address those areas in need of assistance, but

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<sup>10</sup> Source: The Bank Group Information and Communications Technologies (ICT) Activities, January 6, 2010

acknowledged that its budgetary constraints would not allow the Agency to properly pursue those opportunities in depth. Going forward, healthcare will be the only sector of special consideration.

Within the healthcare industry, the statistics are staggering: the global healthcare market is almost \$5 trillion, more than \$3 trillion of which is public and private spending outside of the United States. Growth is particularly strong in the developing and middle-income countries USTDA targets, including the developing countries where USTDA already has successful programs and vibrant relationships. For example, the 2005-2010 healthcare demand growth rates were 21.7% in Brazil, 17.4% in India, and 13.3% in China.

It is also a sector in which U.S. companies have a strong competitive advantage as a result of superior technology, advanced ICT capabilities and a strong intellectual property position. U.S. companies are world leaders in medical technology as well as the sub-sectors upon which medical technology relies including microelectronics, telecommunications, instrumentation, and software development. It is also notable that a large number of U.S. medical device companies are SMEs.

In response to requests for support from the U.S. private sector, in FY 2011, USTDA took a pilot project approach to the healthcare sector and designed and launched the U.S.-China Healthcare Cooperation Program (U.S.-China HCP). As a part of the U.S.-China HCP, USTDA will fund a series of reverse trade missions and workshops to promote the sharing of best practices and innovative technologies to support sustainable quality healthcare delivery in China during FY 2012. The activities to be funded under the U.S.-China HCP will continue through FY 2013 as planned; though, given budget constraints, the Agency will not support further expansion of the program in China or other healthcare projects despite the opportunities available.

## **SECTION IV: MEASURING OUR INVESTMENT**

As mentioned earlier, USTDA maintains a robust Program Evaluation Office that is responsible for tracking the results of USTDA's funding commitments. It evaluates both the short- and long-term impact of USTDA's program as it relates to U.S. export generation and benefits to host country economies. These efforts are critical to the Agency's ability to identify and quickly respond to the needs of U.S. companies seeking to pursue business and export opportunities in international markets. The Office is also integral to the strategic planning process, helping to identify strategic sectors and countries for the Agency's program commitments.

Since its inception in 1981, USTDA's programs have contributed to over \$40.7 billion in U.S. exports. The Agency's ability to promote U.S. exports and support U.S. jobs is principally measured by the Agency's export multiplier, which is calculated over a ten-year evaluation period (currently 1999–2008). USTDA supplements this export multiplier by calculating its impact on small business, over the same ten-year evaluation base period.

### **Export Multiplier Rate Calculation**

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<sup>11</sup>. For the current ten-year evaluation period (1999–2008), USTDA has obligated \$302 million to foreign assistance projects, which has helped to generate \$17.6 billion in U.S. exports. Thus, for every \$1 dollar of USTDA funding, \$58.30 in U.S. exports are generated, which far exceeds USTDA's projected goal of \$35 for the multiplier rate. Just two years ago, USTDA's export multiplier was \$41. This return on investment demonstrates the Agency's ability to help achieve the President's goals in 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:	<u>\$17.6 billion</u>	=	\$58.30
	\$302 million		

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<sup>11</sup> USTDA maintains an internal evaluations staff as well as contracts with an external evaluations firm to identify U.S. exports generated as a result of USTDA program funding.

### **Small Business Impact**

Within the ten-year evaluation period, over 73% of USTDA's project related activities have been awarded to small businesses. These project-related activities include direct contracts, as well as grant program activities; 91.7% of direct contracts<sup>12</sup> and 44% of grant activities<sup>13</sup>, which can only be used with U.S. companies, have resulted in awards to small businesses.

Activities: <u>2,310 Activities with Small Businesses</u>	=	73.7%
3,133 Total Activities		

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<sup>12</sup> The Small Business Administration (SBA) has set a goal for federal agencies to work with small businesses as the prime contractor on at least 23% of FAR contracts.

<sup>13</sup> Average of all years between FY 2000 and FY 2010.

## **SECTION V: SIGNIFICANT PROGRAM ACHIEVEMENTS IN FY 2011**

In addition to producing outstanding results in terms of increasing its export multiplier and identifying new project successes, USTDA demonstrated its willingness to take the lead in helping the U.S. government meet its strategic objectives. Indeed, in many instances, USTDA has been the catalyst for complementary action by other USG agencies.

### **Continued support of the National Export Initiative (NEI)**

 In response to the launch of the NEI in 2010, USTDA mobilized all of its tools and created a new International Business Partnership Program (IBPP) with an initial focus on the reverse trade missions (RTMs) to support U.S. industry's efforts to broaden its export markets. As part of the NEI, USTDA committed to sponsoring 35 RTMs in 2010, a 60 percent increase from 2009, and then proceeded to exceed that goal, sponsoring over 40 RTMs in 2010 and again in 2011. An increase in RTMs was part of a conscious effort to focus on short-term results, and the Agency is already seeing the benefits of that decision. In part due to USTDA efforts, we are on track to achieving the President's goal of doubling exports by 2015.

### **Cooperation Programs**

In response to requests from U.S. industry, USTDA established two new cooperation programs in FY 2011—the U.S.-India Energy Cooperation Program (U.S.-India ECP) and the U.S.-China Health Cooperation Program (U.S.-China HCP). The cooperation programs are public-private partnerships initiated by and through USTDA that bring U.S. companies together with the U.S. and partner country governments to address strategically critical infrastructure and other development projects. These partnerships give both governments an important private sector resource to draw from to help with key development issues. They have also generated numerous specific business opportunities for U.S. companies. The growing success of these cooperative programs has enabled USTDA to showcase its unique ability to integrate and leverage the U.S. private sector in its foreign assistance activities to create lasting benefits for both the United States and USTDA's partner economies.

In support of the U.S.-India ECP, USTDA launched the Efficiency and Clean Energy Exchange Program to introduce Indian officials and private sector project sponsors to U.S. expertise in these technologies through a series of four reverse trade missions to the United States. These missions, which began in FY 2011 and will continue in FY 2012, focus on the highest priority areas of clean energy and energy efficiency commercial opportunities such as: smart grid applications; grid-scale solar power development; unconventional gas, coal bed methane and carbon capture and storage; and commercial and building energy efficiency.

As the U.S.-China HCP grows, the goal is to expand the Program's scope to support areas such as rural healthcare, emergency response, personnel training, and medical information technology, all with a view to increasing U.S. export opportunities.

## SECTION VI: OPERATING EXPENSES

<b>Operating Expenses</b>	<b>FY 2011 (Actual)</b>	<b>FY2012 (Budget)</b>	<b>FY2013 (Budget)</b>
	<b>Includes 2010 carry/over</b>	<b>Projections</b>	<b>Request</b>
Full Time Permanent Employee Salaries	3,899,221	4,343,572	4,745,800
Other Than Full Time Permanent Employee Salaries	797,407	828,209	828,892
Other Personnel Compensation	94,075	50,587	88,203
Total Personal Service Payments	4,790,703	5,222,368	5,662,895
Civilian Personnel Benefits	1,363,751	1,396,316	1,495,004
Total Salaries and Benefits	6,154,454	6,618,684	7,157,899
Rental Payments to GSA/Others	1,544,439	1,514,796	1,730,000
Travel and Transportation	607,502	650,000	687,000
Communications, Util & Misc	114,702	124,700	130,100
Communications, Postal Fees & Mail Service	162,480	163,000	166,750
Printing and Reproduction	79,908	87,500	82,500
Consulting Services	3,038,825	2,510,576	2,214,988
Other Services	158,544	231,661	213,759
Inter-Agency Reimb. Agreements	1,341,441	1,097,351	1,031,331
Operation and Mgt. of Facilities	18,503	10,000	10,000
Equipment Maintenance	32,677	36,500	31,000
Supplies and Materials	80,401	88,200	88,200
Furniture and Equipment	214,634	130,000	30,000
Prior Year Carryover De-obs used	-921,178	-572,668	-509,700
Carryover into next FY	572,668	509,700	136,173
<b>Total Operating Expenses - Core Budget Obligations</b>	<b>13,200,000</b>	<b>13,200,000</b>	<b>13,200,000</b>
FTE Count	50	50	50

USTDA requests an operating expense (OE) budget of \$13.2 million for FY 2013, **the same level since FY 2010**. Over 67 percent of the FY 2013 OE budget is comprised of the Agency's two largest OE expenditures—salaries and benefits and rental payments. Other critical areas of the OE budget include: (1) funding the Agency's Evaluation Program, which was described in detail above; (2) developing and implementing an effective management information system; (3) implementing a human capital development program; and (4) strengthening Continuity of Operations (COOP) and computer network remote access capabilities.

## **Developing and Implementing an Effective Management Information System**

USTDA is in the development phase for the replacement of its in-house management information system. By FY 2013, the new MIS will be fully implemented. The new MIS will provide a fully functional platform to support the effective management of all activities USTDA funds. In addition, the new system will better enable USTDA to meet reporting requirements of OMB and Congress as well as those of other agencies seeking to report on a “whole of government” basis.

## **Implementing a Human Capital Development Program**

USTDA has the important responsibility of hiring, developing and supporting its greatest asset—the dedicated personnel who make the Agency’s vision a reality. This is particularly true in an organization the size of USTDA where every employee has a critical role to play in the overall success of the Agency’s mission and there is virtually no staff redundancy. USTDA’s Human Resources (HR) goals are: (1) empower employees through professional and career development; (2) identify and implement efficiencies through automation and process re-engineering; and (3) increase employee engagement and satisfaction. The Agency’s HR goals are in alignment with the Administration’s and Office of Personnel Management’s (OPM) comprehensive initiatives to hire, retain and develop the best and the brightest Federal civilian workforce.

### *Empower Employees through Professional and Career Development*

Equipping employees with the tools needed to perform their official duties is essential to continuing the high level of performance and effectiveness for which USTDA is noted. Building on the success of training conducted in FY 2011 for USTDA managers and supervisors, the Agency intends to expand leadership and management training in FY 2013. This on-going training will emphasize key skills and competencies required for effective management of Agency projects and objectives.

Promoting diversity and encouraging inclusion in the Federal workforce helps agencies recruit and retain talented individuals who reflect the range of diverse citizens we serve, and creates an environment in which people perform at the highest levels. Recognizing this fact, in FY 2011 the Agency formed a Diversity Advisory Panel composed of supervisory and non-supervisory employees. The Panel has already conducted research on Agency outreach and hiring practices and is developing new methods and sources to increase targeted populations for new staff and internships. Some of the training resources in FY 2013 will support the important work of the Diversity Panel.

### *Increase employee work-life satisfaction*

Work-life is the practice of providing employees a flexible, supportive work environment that allows them to be focused and productive at work. USTDA will work to improve employee satisfaction with health, wellness, and work-life flexibilities. In response to OPM's FY 2011 guidance on the Telework Improvement Act of 2010, USTDA established the requisite policy framework and implemented an Agency-wide telework program. It was evident through employee focus groups and "All Hands" meetings that the regularization of what had been a case-by-case, situational telework system is popular among employees. Going forward, the Agency intends to explore other workplace flexibilities, and will begin by researching and drafting policies related to Alternative Work Schedules and other work-life issues.

### *Federal Employee Viewpoint Survey*

Over the past several years, the Agency has shown consistent improvement in employee satisfaction, as reflected in the 2011 Federal Employee Viewpoint Survey (EVS). For example, USTDA employees gave unanimous positive responses in the 2011 EVS to the following six questions: (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.

As to the areas of possible improvement, the Agency worked with employees to issue a new telework policy shortly after the EVS was administered and we are in the process of addressing the alternative work schedule issue. Another challenge, limited opportunities to get a better job within the Agency, is largely a function of the Agency's small size (most departments consist of 4-5 people).

### **Strengthening Continuity of Operations (COOP) and Computer Network Remote Access Capabilities**

In FY 2013 improvement of the Agency's continuity of operations planning (COOP) continues to be a priority. In FY 2011 the Agency conducted a pilot-program using Google to move its email and email archiving services into the cloud. While ultimately we believe cloud email services are the best way to satisfy USTDA's COOP needs, the Agency will continue to explore other options. We are strengthening our remote access capabilities to the network to make telework easier for our employees in a COOP situation and/or while operating in official travel status.

## **REPRESENTATIONAL FUNDS**

USTDA requests a representational fund of \$5,000. As a foreign assistance agency, it is essential that USTDA's representational funds be sufficient to allow Agency staff to operate appropriately in international diplomatic environments. The modest increase in funds will better 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.

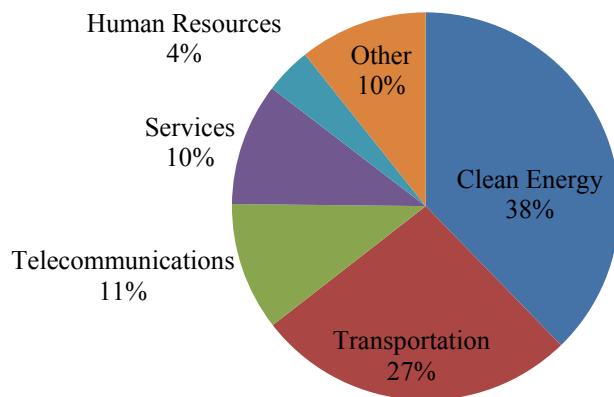
### **TOP SECTORS**

The following tables show the top five sectors where USTDA provided assistance in FY 2011, FY 2010, and FY 2009:

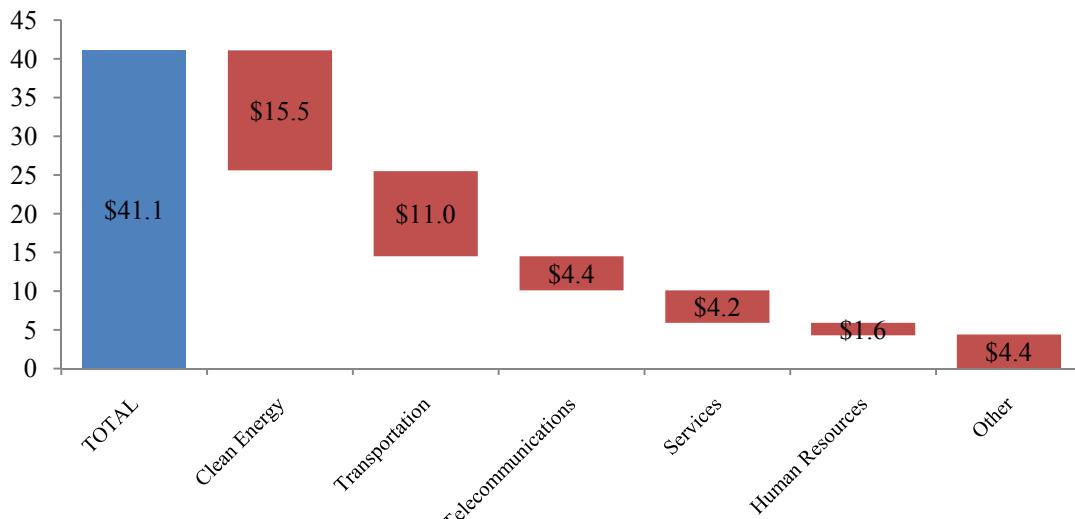
#### **TOP 5 SECTORS IN FY 2011**

SECTOR	FUNDING AMOUNT	% OF FUNDING
Clean Energy	\$15,527,145	37.8
Transportation	\$11,018,381	26.8
Telecommunications	\$4,429,963	10.8
Services	\$4,220,618	10.3
Human Resources	\$1,558,479	3.8

#### **FY 2011 Spending Breakdown by Sector**



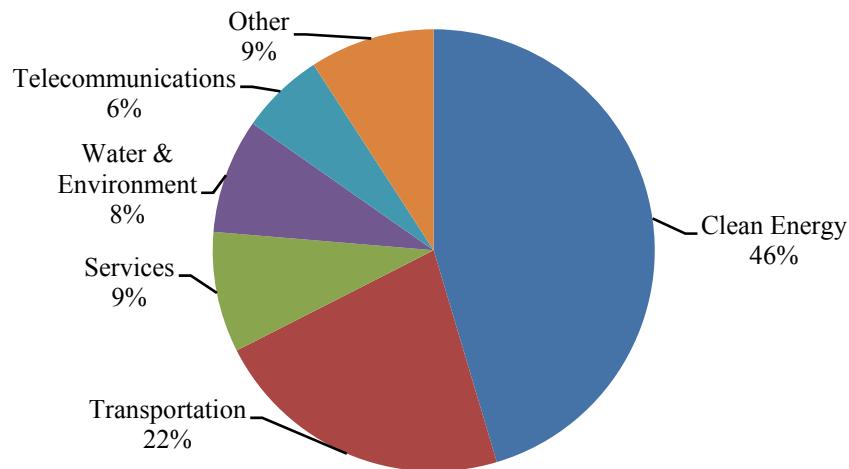
#### **FY2011 Spending Breakdown by Sector (in millions)**



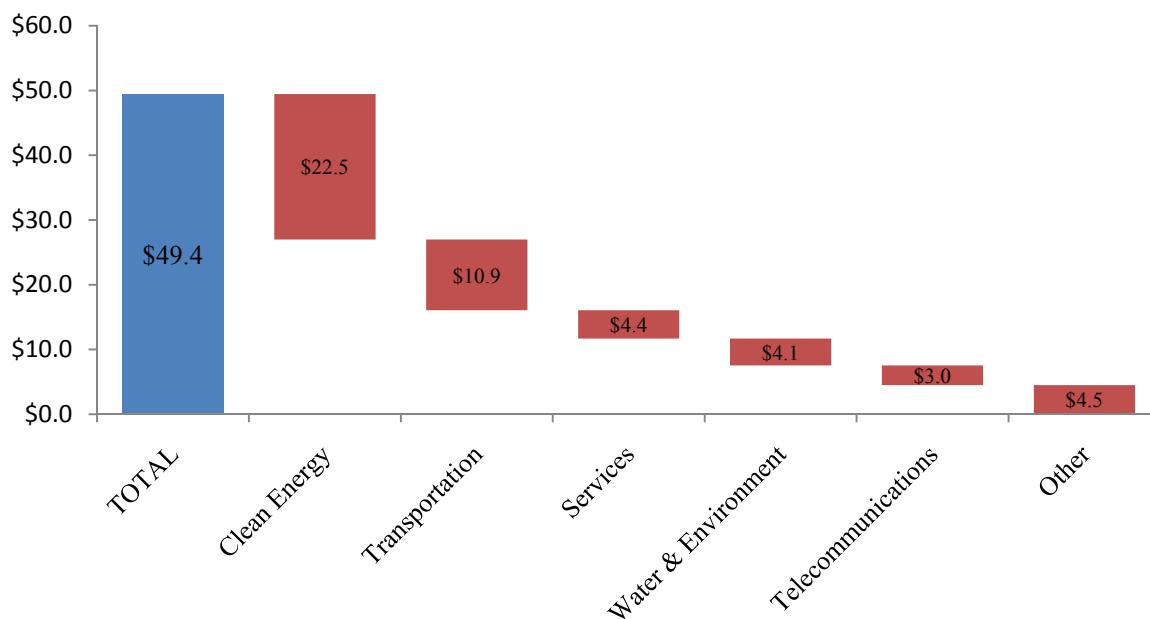
### TOP 5 SECTORS IN FY 2010

SECTOR	FUNDING AMOUNT	% OF FUNDING
Clean Energy	\$22,453,434	45.4
Transportation	\$10,942,456	22.1
Services	\$4,367,970	8.9
Water & Environment	\$4,148,347	8.4
Telecommunications	\$3,034,904	6.1

### FY2010 Spending Breakdown by Sector



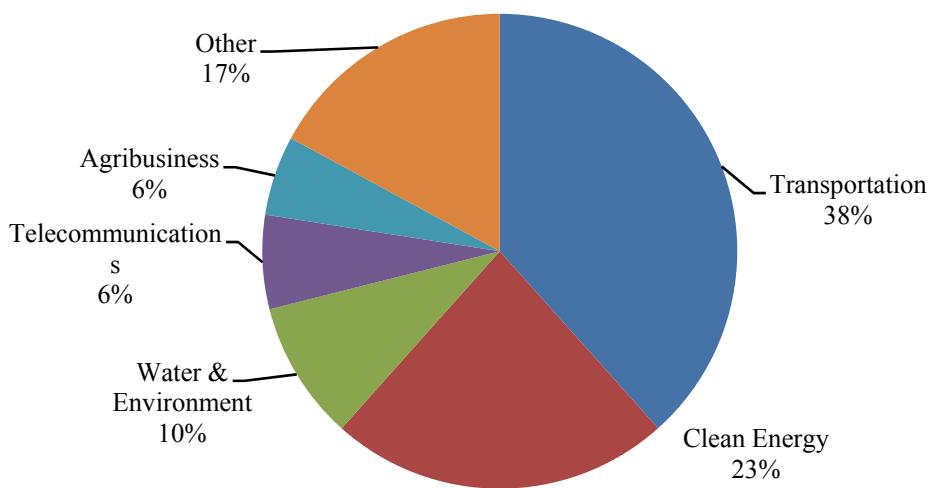
### FY2010 Spending Breakdown by Sector (in millions)



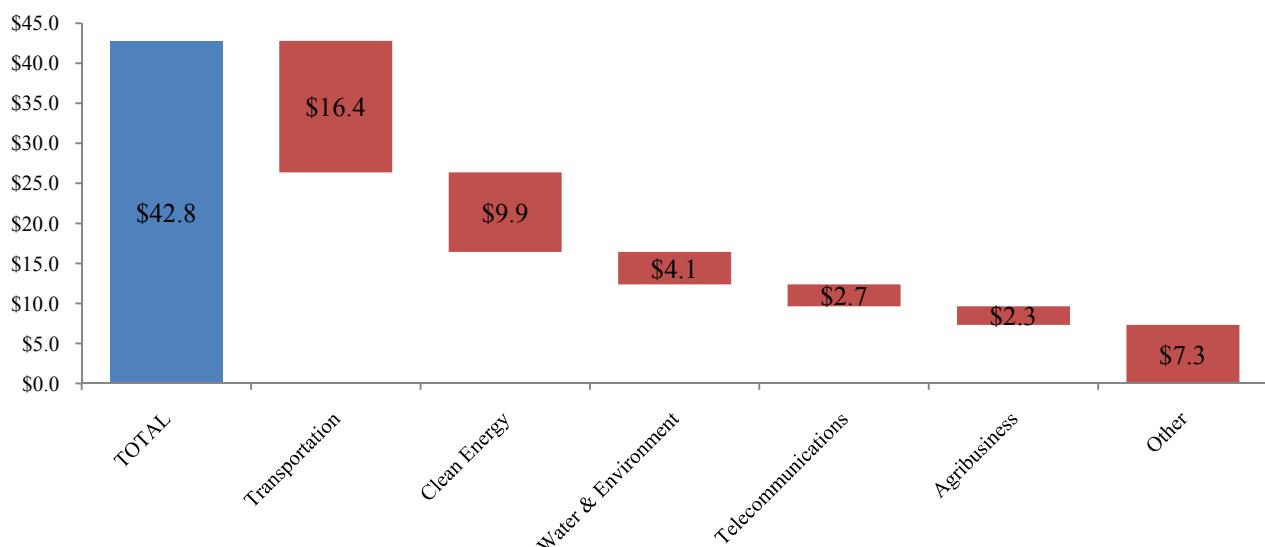
### TOP 5 SECTORS IN FY 2009

SECTOR	FUNDING AMOUNT	% OF FUNDING
Transportation	\$16,426,031	38.4
Clean Energy	\$9,938,824	23.3
Water & Environment	\$4,052,211	9.5
Telecommunications	\$2,738,199	6.4
Agribusiness	\$2,320,892	5.4

**FY2009 Spending Breakdown by Sector**



**FY2009 Spending Breakdown by Sector (in millions)**



**BUDGET HISTORY TABLE**  
**FY 2005 – FY 2013**

<b>Fiscal Year</b>	<b>Request</b>	<b>Appropriation</b>	<b>Carryover from Prior Year</b>	<b>Available for Obligation</b>	<b>Obligated</b>
<b>FY 2005</b>	\$50,000,000	\$51,088,000	\$1,436,000	\$52,524,000	\$51,159,000
<b>FY 2006</b>	\$48,900,000	\$50,391,000	\$2,549,000	\$52,940,000	\$52,626,000
<b>FY 2007</b>	\$50,300,000	\$50,432,000	\$1,344,000	\$51,776,000	\$49,078,000
<b>FY 2008</b>	\$50,400,000	\$49,992,000	\$2,817,000	\$52,809,000	\$52,777,000
<b>FY 2009</b>	\$50,800,000	\$50,800,000	\$1,314,000	\$52,114,000	\$50,739,442
<b>FY 2010</b>	\$55,200,000	\$55,200,000	\$2,031,787	\$57,321,787	\$55,121,631
<b>FY 2011</b>	\$56,200,000	\$49,900,000	\$2,103,085	\$52,003,085	\$51,334,371
<b>FY 2012</b>	\$56,270,000	\$50,000,000	\$1,433,367	\$51,433,367	n/a
<b>FY 2013</b>	\$57,600,000	n/a	n/a	n/a	n/a





## U.S. TRADE AND DEVELOPMENT AGENCY

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