



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

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# BUDGET REQUEST & JUSTIFICATION

## Budget Request & Justification

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

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

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

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

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

*Global Procurement Initiative* Industry Roundtable  
Aug 26, 2013

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

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

In order to build upon USTDA's track record of supporting U.S. jobs and fostering economic growth in its partner countries, USTDA respectfully requests a budget of \$67.7 million for FY 2015. USTDA's FY 2015 budget provides an opportunity to utilize taxpayer dollars for programs that are proven to help U.S. companies identify and pursue export opportunities—in sectors where U.S. companies are global leaders and can benefit from exporting their goods to the world's fastest-growing markets. This budget would lead to an estimated \$3.9 billion<sup>2</sup> in U.S. exports for U.S. companies, which would support approximately 19,000<sup>3</sup> jobs across the country.

### USTDA's Mission

USTDA was created to “promote United States private sector participation in development projects in developing and middle-income countries, with special emphasis on economic sectors with significant United States export potential.”<sup>4</sup> USTDA's dual Congressional mandate is unique among federal agencies in requiring that the Agency both (a) provide foreign assistance for trade and

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<sup>1</sup> Martin Johnson and Chris Rasmussen, “Jobs Supported by Exports 2012: An Update,” Office of Competition and Economic Analysis, International Trade Administration, Department of Commerce, February 26, 2013, available at [http://www.trade.gov/mas/ian/build/groups/public/@tg\\_ian/documents/webcontent/tg\\_ian\\_004021.pdf](http://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_004021.pdf), last accessed September 2013.

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

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

<sup>4</sup> 22 U.S.C. § 2421(a).

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economic development and (b) help to put Americans to work in the jobs that result from exports. In the Agency's history of linking U.S. businesses to export opportunities, USTDA has generated over \$45.8 billion in U.S. exports<sup>5</sup> and has emerged as the leading U.S. government agency for early project development and planning activities in emerging economies.

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

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

### USTDA's Programs: Tools that Open Markets

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

#### **REVERSE TRADE MISSIONS: MAKING CONNECTIONS**

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

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

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

### **CONFERENCES & WORKSHOPS: IDENTIFYING OPPORTUNITIES, SHOWCASING TECHNOLOGIES**

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

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

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

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

### **TECHNICAL ASSISTANCE: CREATING A FAVORABLE BUSINESS & TRADE ENVIRONMENT**

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

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

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

Such obstacles or gaps include:

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

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

### USTDA's Support of Small U.S. Businesses

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

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

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

### **Rapid Response Connects U.S. Firm to Brazilian Buyers**

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

### USTDA's Evidence-Based Decision Making

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

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

# PRIORITY MARKETS

## Priority Markets

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

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

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

## PRIORITY MARKETS

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

An investment by USTDA in priority countries is an investment in job creation and economic growth, particularly as these markets continue to demonstrate strong opportunities for U.S. businesses. The International Monetary Fund's (IMF) World Economic Outlook currently projects global growth to be 4.7 percent in 2015. In contrast, as seen in the table below, based on the IMF's projections for that same period, USTDA's eighteen priority countries are expected to grow by 5.4 percent in 2015.<sup>7</sup> That growth rate is more than two times larger than the forecasted 2.3 percent growth for the world's high-income countries.<sup>8</sup> Consistent with the IMF global growth rates, USTDA's program has helped to generate nearly \$23 billion in U.S. exports to-date in these 18 priority markets, and the Agency's evaluation data indicates that the exports will continue to grow.

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

<sup>7</sup> IMF World Economic Outlook Database, April 2013 (including July 2013 update)

<sup>8</sup> Ibid.

## PRIORITY MARKETS

GDP Growth Projections in USTDA's Priority Countries<sup>9</sup>

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

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<sup>9</sup> Ibid.

## PRIORITY MARKETS

### Major Emerging Markets

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

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

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

#### Optimizing India's Power Grid

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

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<sup>10</sup> Ibid.

## PRIORITY MARKETS

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

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

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

### Next Tier Markets

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

#### **SUB-SAHARAN AFRICA**

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

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

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

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

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

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

### **Connecting U.S. Companies to Nigerian Distribution Utilities**

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

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

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

### LATIN AMERICA

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

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

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

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

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

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

### SOUTHEAST ASIA

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

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

#### **Improving Disaster Response in Indonesia**

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

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

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

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

### **MIDDLE EAST, NORTH AFRICA, EUROPE & EURASIA**

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

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

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

## PRIORITY MARKETS

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

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

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

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

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

Jeffrey R. Immelt  
Chairman & CEO  
General Electric Company

Letter to USTDA  
Aug 22, 2013

# PRIORITY SECTORS

## Priority Sectors

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

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

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

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

## Energy

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

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

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

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

## PRIORITY SECTORS

In 2012, global renewable power capacity grew by 8.5 percent to reach its highest level yet, with renewables comprising more than half of total net additions to global electric generating capacity.<sup>13</sup> The use of renewable energy resources for power and fuel continues to expand in nearly every region of the world; in 2012, 138 countries had renewable energy policy targets, up from 109 in 2010.<sup>14</sup> U.S. industry leads in many of the critical technologies, services and equipment that can help emerging economies achieve these energy supply goals.

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

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

### Smart Grid Success in South Africa

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

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

<sup>14</sup> Ibid.

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

## PRIORITY SECTORS

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

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

### Transportation

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

U.S. exports of transportation equipment have grown by 50 percent over the past three years, reaching \$247.8 billion in 2012.<sup>17</sup> U.S. transportation companies will continue to support and benefit from the increasing connectivity and integration of transportation modes overseas. In fact, USTDA partners have experienced significant success as a result of the Agency’s investments in aviation, rail and maritime infrastructure development projects. Going forward, U.S. companies, who are global leaders in “green” transportation, are poised to support the deployment of sustainable transportation systems through the development of green airports, rail systems and ports.

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

<sup>17</sup> U.S. Census Bureau.

## PRIORITY SECTORS

Aviation is a critical driver of economic growth both in the United States and abroad. In 2012, over 3 billion passengers were carried by the world's airlines, which employ over 8.3 million people globally.<sup>18</sup> U.S. exports of aerospace products and parts accounted for 43 percent of all U.S. transportation equipment exports in 2012.<sup>19</sup> Growing demand for commercial aviation, general aviation and air cargo services in China, India, Brazil and South Africa presents a strong opportunity for long-term commercial engagement. In each of these key markets, USTDA has worked with the Federal Aviation Administration to establish a signature aviation initiative that has supported sales of U.S. goods and services while also improving overall aviation safety and security. In FY 2015 and beyond, USTDA will support the implementation of Next Generation Air Transportation Systems ("Next Gen"), which will make air travel safer, greener and more efficient.

### **Asia-Pacific Commercial Aviation Access**

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

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

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<sup>18</sup> Air Transport Action Group.

<sup>19</sup> Ibid.

## PRIORITY SECTORS

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

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

### Telecommunications

Like transportation, telecommunications is a priority sector for USTDA because its infrastructure supports trade and broad-based economic development in emerging markets. Additionally, telecommunications infrastructure provides the foundation for information communications technology (ICT) applications. Many developing and middle-income countries have prioritized these investments to encourage advanced economic growth. Emerging markets accounted for over a quarter of global ICT demand in 2012 and are expected to increase to nearly one half by 2020.<sup>20</sup>

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

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<sup>20</sup> European Information Technology Observatory, September 2012

<sup>21</sup> International Telecommunication Union, The World in 2013, ICT Facts and Figures, February 2013

## PRIORITY SECTORS

USTDA has received increasing demand for assistance in the data accumulation and processing subsector due to the growing need to house and process data in developing countries. Global data is predicted to grow by 800 percent between 2012 and 2017.<sup>22</sup> Cloud computing is increasingly impacting data center design and operation—estimates indicate that by 2016, global cloud traffic will grow six fold and nearly two-thirds of data center workloads will be cloud-based.<sup>23</sup> In recent years, USTDA has substantially increased its investments in data center activities, which are expected to produce significant exports. USTDA will continue to pursue data center optimization and cloud computing projects in order to increase opportunity for U.S. companies, who are well-positioned to provide equipment and services in this subsector but who face considerable competition from foreign companies.

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

### **Brazil State of Minas Gerais Data Centers**

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

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

<sup>23</sup> Cisco Global Cloud Index, [http://www.cisco.com/en/US/netsol/ns1175/networking\\_solutions\\_sub\\_solution.html](http://www.cisco.com/en/US/netsol/ns1175/networking_solutions_sub_solution.html)

## PRIORITY SECTORS

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

# MEASURING OUR INVESTMENT

## Measuring Our Investment

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

## Measuring U.S. Exports

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

### **Evaluations stakeholders include:**

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

## MEASURING OUR INVESTMENT

development, results are realized over the long-term. As such, a ten-year rolling average<sup>24</sup> (TYRA) is the interval of time used to capture a meaningful, relevant representation of the U.S. export results of USTDA's programs. The export data is then used to measure USTDA's performance in the following ways:

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

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

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

# MEASURING OUR INVESTMENT

## Reviewing Program Efficacy

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

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

## Guiding the Agency's Strategic Planning

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

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

### External Comparative Information

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

### Internal Comparative Information

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

## MEASURING OUR INVESTMENT

### Informing Each Funding Decision

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

### Looking Forward

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

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

## SIGNIFICANT FY13 ACHIEVEMENTS

### Significant Program Achievements in FY 2013

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

#### Mobilizing Capital to Power Africa

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

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

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

## SIGNIFICANT FY13 ACHIEVEMENTS

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

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

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

### Strengthening Public-Private Partnerships

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

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

## SIGNIFICANT FY13 ACHIEVEMENTS

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

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

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

## OPERATING EXPENSES

### Operating Expenses

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

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

#### Open Data and Accessibility for U.S. Industry

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

#### Interagency Collaboration to Address Client Needs

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

## OPERATING EXPENSES

### Online Outreach

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

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

### Staffing

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

### Managing through Data

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

## OPERATING EXPENSES

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

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

### Developing Human Capital

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

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

## OPERATING EXPENSES

### Conserving Resources through Shared Services

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

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

## REPRESENTATION FUNDS

### Representation Funds

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

## APPENDIX 1 | CORE OE BUDGET OVERVIEW

### Appendix 1 | Core OE Budget Overview

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

### Appendix 2 | USTDA's Data Validation & Verification Approaches

#### USTDA Mission Statement

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

#### Introduction

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

USTDA's performance data measures the U.S. content of a U.S. commercial sale resulting from a USTDA-funded activity. In order to make the best estimation of its impact on U.S. jobs, USTDA defines "U.S. content" as goods manufactured in the United States or services provided by U.S. citizens. USTDA obtains U.S. content data most commonly from its stakeholders or, in instances where information is limited or unavailable, works with them to estimate U.S. content value. The U.S. exports identified must have a credible and significant linkage to the USTDA-funded activity. Given the nature of USTDA's activity in early project planning and development, results are realized over the long-term. As such, a ten-year rolling average<sup>25</sup> (TYRA) is the interval of time

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<sup>25</sup> Ten Year Rolling Average (TYRA) is a ten-year interval of time used to report the outcomes of USTDA's program. The TYRA currently consists of all USTDA activities completed between years 2001-2010. Due to the nature of USTDA's funding – early project planning and development – it is not common to experience

## APPENDIX 2 | DATA VALIDATION & VERIFICATION

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

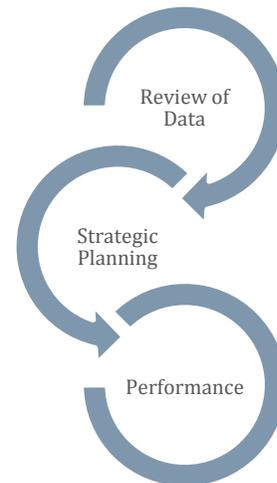
- **Export Multiplier:** the amount of exports generated for every USTDA program dollar obligated—in general terms, it is the “export return on USTDA investment”;
- **Total Cumulative Exports:** the amount of exports associated with USTDA funding in any given time period; and
- **Small Business Impact:**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

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

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

### Evaluations stakeholders include:

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



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

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## APPENDIX 2 | DATA VALIDATION & VERIFICATION

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

### Means Used to Verify and Validate Measured Values

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

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

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

## APPENDIX 2 | DATA VALIDATION & VERIFICATION

### Sources of the Data

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

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



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

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

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

## APPENDIX 2 | DATA VALIDATION & VERIFICATION

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

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

### Sources of Data throughout Evaluation Cycle

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

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

## APPENDIX 2 | DATA VALIDATION & VERIFICATION

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

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