

## I. EXECUTIVE SUMMARY

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

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

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

## II. FY 2008 BUDGET REQUEST AND JUSTIFICATION

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

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

\* Administration's FY 2008 Budget Request

**BUDGET HISTORY TABLE**

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

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

**III. FY 2008 PROGRAM PRIORITIES**

**Building the Infrastructure for Development**

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

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

### *Core Trade Infrastructure Activities*

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

### Supporting U.S. Trade Policy

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

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

### *Intellectual Property Rights Protection*

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

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

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

### Enhancing Global Energy Security

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

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

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

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

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

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

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

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

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

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

#### IV. FY 2008 – SPECIAL INITIATIVES

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

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

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

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

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

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

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

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

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

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

### *Regional Integration Initiatives*

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

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

### *Emergency Preparedness and Reconstruction*

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

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

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

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

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

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

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



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

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

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

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

**Blocks B and 52 Gas Pipeline Project**

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

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

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

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

## VI. MEASURING OUR RESULTS

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

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

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

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

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

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

$$\text{Export Multiplier: } \frac{\$11.5 \text{ billion}}{\$270.3 \text{ million}} = \$42.5$$

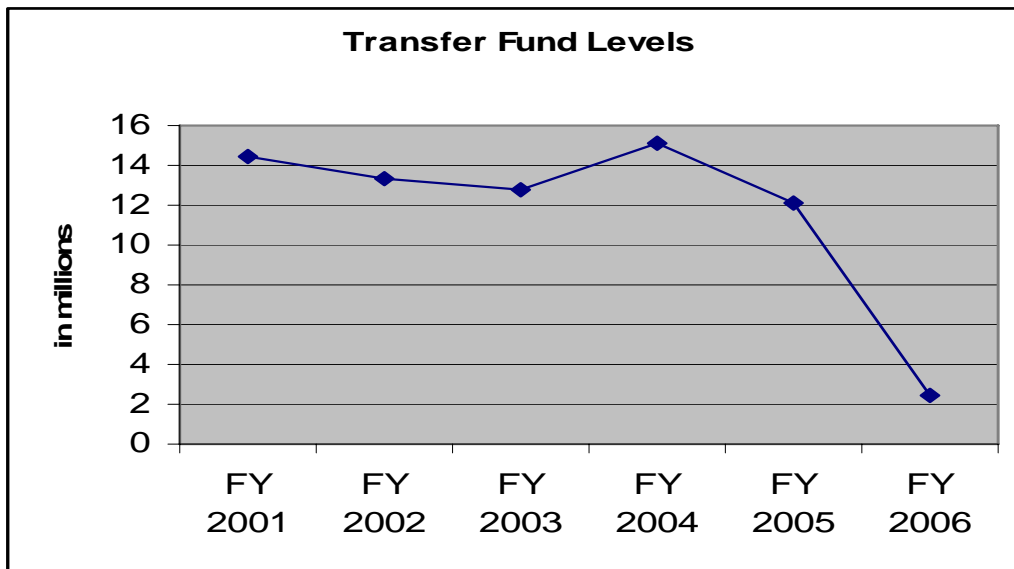
The hit rate represents the proportion of USTDA activities for which the agency has identified exports. For the same ten-year period, 413 projects out of a total of 1,188 have produced exports, yielding a hit rate of 34.8%.

$$\text{Hit Rate: } \frac{413}{1188} = 34.8\%$$

1188

**VII. TRANSFER FUNDS**

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



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

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

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

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

**Top Ten Countries in FY 2006**

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

**Top Ten Sectors in FY 2006**

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

**Top Ten Countries in FY 2005**

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

**Top Ten Sectors in FY 2005**

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

**Top Ten Countries in FY 2004**

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

**Top Ten Sectors in FY 2004**

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

## IX. OPERATING EXPENSES

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

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

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

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

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

## XI. REPRESENTATIONAL FUNDS

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