



U.S. TRADE AND DEVELOPMENT AGENCY

STRATEGIC PLAN

FISCAL YEARS 2008-2012

USTDA Strategic Goals

Fiscal Years 2008-2012

- To promote U.S. private sector participation in development projects in developing and middle-income countries, with special emphasis on economic sectors with significant U.S. export potential.
- To advance sustainable economic development in developing and middle-income countries.
- To maintain significant small business involvement in USTDA's programs.
- To maintain outstanding program evaluation mechanisms to monitor Agency performance, strengthen program management, and inform Agency funding decisions.
- To maintain a strong organizational structure that supports programming flexibility and responsiveness.

USTDA Authority and Programs

The U.S. Trade and Development Agency (USTDA) is a foreign assistance agency pursuant to section 661 of the Foreign Assistance Act of 1961, as amended (22 USC 2421). The trademark of the Agency is building partnerships between U.S. companies and overseas project sponsors to bring proven private sector solutions to development challenges. The Agency delivers its program commitments through overseas grants and contracts with U.S. firms.

USTDA assists developing and middle-income countries in gaining access to U.S. private sector expertise to develop the trade and physical infrastructure necessary for healthy and sustainable economic growth. To this end, the Agency funds activities related to trade capacity building, sector development, project definition, and investment analysis. USTDA's trade capacity building and sector development activities support the establishment of rules and regulations, trade agreements, market liberalization, industry standards, and policy reform. The Agency's project definition and investment analysis activities support large capital investments that contribute to overseas infrastructure development.

Recognizing that many countries now seek economic cooperation over traditional forms of donor assistance, USTDA places special emphasis on public-private partnership development. USTDA's unique brand of foreign assistance targets activities of mutual economic benefit for overseas grant recipients and U.S. industry. Foreign entities obtain valuable infrastructure project planning and capacity building assistance, while U.S. companies benefit from a program that opens markets for the export of U.S. manufactured goods and services.

Strategic Goals for Fiscal Years 2008-2012

USTDA's Five-Year Strategic Plan for Fiscal Years 2008-2012 builds on the Agency's proven past successes. It strikes a balance between U.S. industry trade interests, U.S. foreign policy interests, and host country development priorities. To meet this objective, the Agency will continue to give special consideration to activities of mutual economic benefit with a particular focus in the energy, transportation safety and security, and environmental sectors.

While investing in infrastructure was once thought to be the exclusive domain of the public sector, today there is recognition that the private sector is able to provide essential services to the public at a lower cost and with more efficiency. In this regard, USTDA's program will continue to act as vehicle for countries seeking U.S. commercial know-how through public-private sector cooperation.

Over the next five-year period, USTDA will continue to give priority to working in countries that offer significant opportunities for U.S. business. The Agency will maintain and develop working relationships with project sponsors that have both the

commitment and capacity to implement major infrastructure investments. In so doing, USTDA will act as a catalytic force in moving infrastructure projects forward with U.S. manufactured goods and services. As a result, USTDA assistance will facilitate increased trade and investment that directly benefit American workers.

USTDA will continue to strengthen its program through the close evaluation of its development assistance activities, including assessments of the specific project, sector, and country factors that contribute to a project's commercial and developmental success. The Agency will continue to partner predominantly with U.S. small businesses to assist in the due diligence and technical evaluation process that is critical to identifying good projects. USTDA will also support internal professional development and training activities to ensure that its staff maintains its level of excellence and expertise. Together, these factors will help to strengthen our institution's capabilities and mission through fiscal year 2012 and beyond.

Ultimately, USTDA's Five-Year Strategic Plan for Fiscal Years 2008-2012 is designed around five goals that will strengthen our Agency and its programs:

- Promoting U.S. private sector participation in development projects in developing and middle-income countries
- Supporting sustainable economic development in developing and middle-income countries
- Maintaining significant small business participation in Agency programs
- Strengthening Agency performance through regular program evaluation
- Maintaining an organizational infrastructure that promotes program flexibility and responsiveness

External Challenges

USTDA has an expansive trade and development mandate, the ability to operate in both developing and middle-income countries, and outstanding programming flexibility and responsiveness. Although the Agency's program may be affected by exogenous political, economic, and other significant factors, it is nonetheless in an excellent position to mitigate external programming challenges to ensure the successful delivery of its brand of commercially oriented foreign assistance. Some of the external factors that may affect the implementation of our strategic goals over the next five years include:

- Revised U.S. foreign policy guidance
- Legislation or administrative sanctions limiting countries where USTDA can operate
- Political or economic events that change host country investment climates and market demand
- Increased overseas competition from heavily subsidized foreign businesses
- Domestic factors that divert U.S. industry interest from emerging markets

Strategic Goal One

To promote U.S. private sector participation in development projects in developing and middle-income countries, with special emphasis on economic sectors with significant U.S. export potential.

There is a fundamental connection between the development of infrastructure and sustainable economic development. Integrating developing and middle-income countries into the global trading environment requires investment in the energy and power, information and communications technology, transportation, and environment sectors, all sectors in which U.S. industry is strong. 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, USTDA will prioritize those activities that will form the backbone of sustained economic growth and development while ensuring favorable climates for international trade and investment.

The Agency will expand its use of cooperation programs to deliver commercially oriented development assistance that is consistent with the USTDA focus on partnership development. These partnerships will have a particular focus on the development of sustainable private sector-led activities. USTDA will identify economic sectors and locations that may benefit from a cooperation program in the mold of its current Aviation Cooperation Program.

To maximize the benefits of U.S. government assistance, we will continue to solicit contributions from the U.S. private sector to augment our program activities. These contributions will include either cost sharing or in-kind contributions.

Strategic Goal Two

To advance sustainable economic development in developing and middle-income countries.

In recent years, developing country requests for USTDA's commercial assistance have increased significantly. Developing and middle income countries recognize that long-term economic growth is best attained by creating a favorable environment for trade and investment. For those countries that are willing to modernize and reform their physical and institutional infrastructure, USTDA's program provides an excellent vehicle for accessing the U.S. private sector expertise and know-how needed for successful implementation.

Maintaining good relationships with our overseas development partners is critical to the Agency's business development and project management efforts. USTDA will continue to nurture existing relationships and forge new partnership opportunities with viable overseas project sponsors. A distinguishing characteristic of USTDA's foreign assistance program is the level of overseas involvement and management of USTDA-funded activities. Given this basic structure, the Agency will continue to ensure the identification of project sponsors with commitment and the capacity to develop their projects using U.S. goods and services. USTDA will continue to use its scarce funding resources to catalyze procurements of a significant scale.

Among foreign assistance agencies, USTDA also has a unique ability to operate in middle-income countries and to support economic growth activities in countries that have been partially or entirely graduated from other U.S. government assistance programs. These are countries in which U.S. businesses also are particularly interested in assistance to ensure access and the maintenance of a fair and open playing field. To continue the advancement of economic development in these countries, USTDA will utilize its resources to advance technical cooperation programs (such as those described in Strategic Goal One).

Strategic Goal Three

To maintain significant small business involvement in USTDA's programs.

The U.S. small business community drives the U.S. economy, representing 99.7 percent of all employer firms and accounting for 60 to 80 percent of new job growth annually over the last decade, according to the U.S. Small Business Administration. As USTDA's program has evolved, the Agency has continued to rely more heavily on the U.S. small business community to provide technical guidance and recommendations on those activities that are most likely to be implemented using U.S. manufactured goods and services.

USTDA has witnessed a marked increase over the past few years in the success U.S. small businesses are achieving. Specifically, USTDA has found that over 75% of all contracts funded by USTDA either directly or through the Agency's grant program have been awarded to small businesses as defined by the U.S. Small Business Administration. Important in that success is the fact that USTDA outsources to small businesses nearly 100 percent of the technical expertise that we need to evaluate overseas project opportunities. In addition, USTDA has established an indefinite delivery / indefinite quantity contract under Federal Acquisition Regulation guidelines that is heavily weighted towards small business.

Given that USTDA far exceeds the small business contracting goals established by the U.S. government, USTDA will strive to maintain and, if possible, exceed its current level of cooperation and success with the U.S. small business community.

Strategic Goal Four

To maintain outstanding program evaluation mechanisms to monitor Agency performance, strengthen program management, and inform Agency funding decisions.

USTDA's unique dual focus on host country development outcomes and U.S. exports is reflected in the Agency's methodology for program evaluation and measuring results. In cooperation with the Office of Management and Budget (OMB), the Agency has developed a system that quantifies both of these goals. As of the beginning of FY2008, USTDA's program has contributed to over \$28 billion in U.S. exports. On an annual basis, the Agency's level of commercial success is measured by its "hit rate" and "multiplier." The hit rate is defined as the percentage of projects which result in U.S. exports and the export multiplier as the dollar amount of U.S. exports generated for every dollar that USTDA invests in a project. These figures have continued to outperform previously established goals and reflect the Agency's ability to promote fruitful long-term relationships between its grantees and the U.S. private sector.

USTDA seeks to maintain an export multiplier (*based on a Ten-Year Rolling Average*) of 33 : 1 over the upcoming five-year period. Maintaining the export multiplier at \$33 for every \$1 USTDA invests in a project represents a significant return on its investment and demonstrates that the Agency's program is opening doors for the sale of U.S.-manufactured goods and services overseas. Similarly, USTDA expects to maintain its hit rate of 35%. Given the early stage of USTDA's involvement and the difficulty of working in many emerging markets, our hit rate demonstrates a strong measure of success in these difficult-to-penetrate markets.

On the development side, over the next five years, USTDA will continue to target its investment in development projects based on four OMB-approved long-term development measures*, including infrastructure development (55%), human capacity building (30%), technology transfer and productivity improvement (50%), and market oriented reforms (25%). Although the Agency is not required to measure these goals until FY 2009, the Agency has already seen success and anticipates it will achieve its developmental impact targets throughout the Five-Year Strategic Plan performance period.

USTDA will continue also to utilize this program evaluation information to assess the specific project, sector, and country factors that contribute to project success. This data will be used to promote project implementation, strengthen the identification of new development activities, and help to inform Agency program funding decisions.

** These categories are based on the success in achieving each measurement goal in fully implemented projects according to the OMB Performance Assessment Rating Tool.*

Strategic Goal Five

To maintain a strong organizational structure that supports programming flexibility and responsiveness.

USTDA will continue to maintain an organizational structure that facilitates flexibility and responsiveness. Among U.S. government agencies, USTDA has exceptional flexibility to support projects that emerge either as an immediate priority or as a part of a longer-term development program. For planning purposes, USTDA will continue to establish annual program priorities, but will make adjustments as necessary throughout the fiscal year to adapt to changing economic, commercial, and developmental demands.

USTDA's organizational structure is critical to its success and ability to respond to the needs of the U.S. private sector, U.S. government, and overseas project sponsors. The Agency will continue to improve its internal processes to facilitate the delivery of foreign assistance. USTDA has maintained an unblemished financial track record and an internal controls system that has strengthened the Agency's efficiency. USTDA will maintain this superior track record of financial management and continue its work to intercept potential challenges and take corrective actions as necessary.

Equally important factors contributing to USTDA's programming flexibility and responsiveness are the quality and training of its staff. USTDA attracts top professionals who are committed to achieving the Agency's mission and objectives. Nonetheless, a regular regimen of training and professional development is required to maintain properly functioning internal controls and overall program success. Over the next five years, USTDA will continue to invest in its people through technical, regional, communications, and other critical training that is designed to ensure that they remain leaders in their respective fields.

ANNEX I

USTDA Statute

22 USC Sec. 2421

(a) Purpose

The Trade and Development Agency shall be an Agency of the United States under the foreign policy guidance of the Secretary of State. The purpose of the Trade and Development Agency is 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, such as energy, transportation, telecommunications, and environment.

(b) Authority to provide assistance

(1) Authority

The Director of the Trade and Development Agency is authorized to work with foreign countries, including those in which the United States development programs have been concluded or those not receiving assistance under subchapter I of this chapter, to carry out the purpose of this section by providing funds for feasibility studies, architectural and engineering design, and other activities related to development projects which provide opportunities for the use of United States exports.

(2) Use of funds

Funds under this section may be used to provide support for feasibility studies for the planning, development, and management of, and procurement for, bilateral and multilateral development projects, including training activities undertaken in connection with a project, for the purpose of promoting the use of United States goods and services in such projects. Funds under this section may also be used for architectural and engineering design, including -

(A) concept design, which establishes the basic technical and operational criteria for a project, such as architectural drawings for a proposed facility, evaluation of site constraints, procurement requirements, and equipment specifications; and

(B) detail design, which sets forth specific dimensions and criteria for structural, mechanical, electrical, and architectural operations, and identifies other resources required for project operations.

(3) Information dissemination

(A) The Trade and Development Agency shall disseminate information about its project activities to the private sector.

(B) Other agencies of the United States Government shall cooperate with the Trade and Development Agency in order for the Agency to provide more effectively informational services to persons in the private sector concerning trade development and export promotion related to development projects.

(4) Nonapplicability of other provisions

Any funds used for purposes of this section may be used notwithstanding any other provision of law.

(5) Contributions to costs

The Trade and Development Agency shall, to the maximum extent practicable, require corporations and other entities to -

(A) share the costs of feasibility studies and other project planning services funded under this section; and

(B) reimburse the Trade and Development Agency those funds provided under this section, if the corporation or entity concerned succeeds in project implementation.

(c) Director and personnel

(1) Director

There shall be at the head of the Trade and Development Agency a Director who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) Officers and employees

(A) The Director may appoint such officers and employees of the Trade and Development Agency as the Director considers appropriate.

(B) The officers and employees appointed under this paragraph shall have such functions as the Director may determine.

(C) Of the officers and employees appointed under this paragraph, 2 may be appointed without regard to the provisions of title 5, governing appointments in the competitive service, and may be compensated without regard to the provisions of chapter 51 or subchapter III of chapter 53 of such title.

(D) Under such regulations as the President may prescribe, any individual appointed under subparagraph (C) may be entitled, upon removal (except for cause) from the position to which the appointment was made, to reinstatement to the position occupied by that individual at the time of appointment or to a position of comparable grade and pay.

(d) Annual report

The President shall, not later than December 31 of each year, submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report on the activities of the Trade and Development Agency in the preceding fiscal year.

(e) Audits

(1) In general

The Trade and Development Agency shall be subject to the provisions of chapter 35 of title 31, except as otherwise provided in this section.

(2) Independent audit

An independent certified public accountant shall perform a financial and compliance audit of the financial statements of the Trade and Development Agency each year, in accordance with generally accepted Government auditing standards for a financial and compliance audit, taking into consideration any standards recommended by the Comptroller General. The independent certified public accountant shall report the results of such audit to the Director of the Trade and Development Agency. The financial statements of the Trade and Development Agency shall be presented in accordance with generally accepted accounting principles.

These financial statements and the report of the accountant shall be included in a report which contains, to the extent applicable, the information identified in section 3512 of title 31, and which the Trade and Development Agency shall submit to the Congress not later than 6 1/2 months after the end of the last fiscal year covered by the audit. The Comptroller General may review the audit conducted by the accountant and the report to the Congress in the manner and at such times as the Comptroller General considers necessary.

(3) Audit by Comptroller General

In lieu of the financial and compliance audit required by paragraph (2), the Comptroller General shall, if the Comptroller General considers it necessary or upon the request of the Congress, audit the financial statements of the Trade and Development Agency in the manner provided in paragraph (2).

(4) Availability of information

All books, accounts, financial records, reports, files, workpapers, and property belonging to or in use by the Trade and Development Agency and the accountant who conducts the audit under paragraph (2), which are necessary for purposes of this subsection, shall be made available to the representatives of the Government Accountability Office designated by the Comptroller General.

(f) Funding

(1) Authorization

(A) There are authorized to be appropriated for purposes of this section, in addition to funds otherwise available for such purposes, \$48,000,000 for fiscal year 2000 and such sums as may be necessary for each fiscal year thereafter.

(B) Amounts appropriated pursuant to the authorization of appropriations under subparagraph (A) are authorized to remain available until expended.

(2) Funding for technical assistance grants by multilateral development banks

(A) The Trade and Development Agency should, in carrying out its program, provide, as appropriate, funds to multilateral development banks for technical assistance grants.

(B) As used in subparagraph (A) -

(i) the term "technical assistance grants" means funding by multilateral development banks of services from the United States in connection with projects and programs supported by such banks, including, but not limited to, engineering, design, and consulting services; and

(ii) the term "multilateral development bank" has the meaning given that term in section 262r(c) of this title.

ANNEX II

USTDA Mission Statement

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

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