



U.S. TRADE AND DEVELOPMENT AGENCY

.....
2008 ANNUAL REPORT

MISSION

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

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

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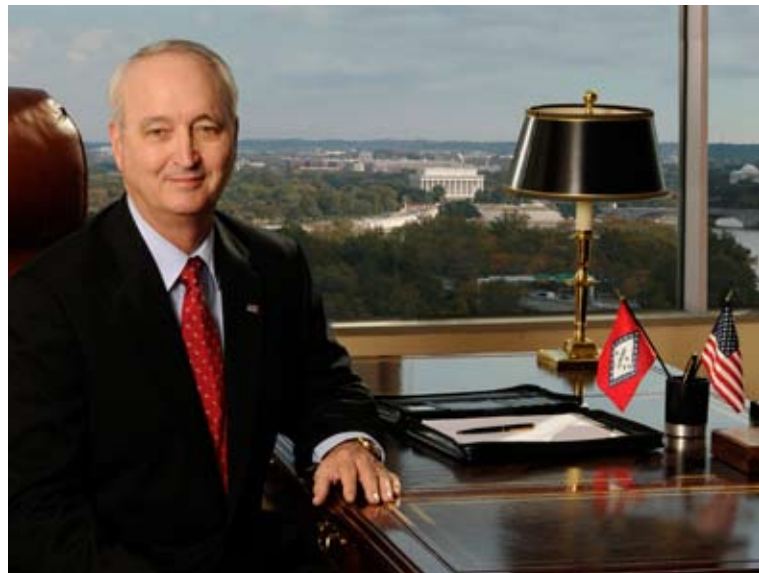
A MESSAGE FROM DIRECTOR LARRY W. WALTHER

As the year comes to a close, I am delighted to present this report on USTDA's activities during fiscal year (FY) 2008. In many ways, this has been a remarkable year for the Agency in demonstrating its strengths in responding to priority development needs overseas and world events.

USTDA is known for its innovative applications of private sector expertise and ingenuity in meeting host-country development challenges. During the past year, I had the opportunity to travel to each of the Agency's six program regions, meeting with the heads of state of Georgia, Lithuania, and Costa Rica, as well as the Prime Ministers of Vietnam and the Palestinian Authority. In each instance, I witnessed USTDA's transformative nature in serving as a bridge between project sponsors and the U.S. private sector. A testament to this success is the \$2.9 billion in U.S. exports that were identified during FY 2008 as a result of the Agency's program.

When I arrived at USTDA as Director in March, the Agency had a clear understanding of its mission, guided by the strong and capable leadership of Leocadia I. Zak, who served as Acting Director for most of the previous year and continues to serve as Deputy Director. During her tenure as Acting Director, USTDA lived up to its reputation for responsiveness and excellence, forging fruitful partnerships with exceptional project sponsors and leading U.S. firms. Lee is to be commended for her dedication and character in carrying forward the mantle of excellence for which the Agency is known. As Acting Director, she not only provided day-to-day leadership, she also represented the Agency at two of its pinnacle events of the year, namely its successful Mexican infrastructure conference and the presentation of its 2007 Country of the Year award to Colombian President Alvaro Uribe Velez.

During the past year, a number of other notable highlights emerged. Among them was the honor bestowed on me to serve on the Presidential Delegation to Bethlehem attending the Palestine Investment Conference. There, I re-opened the Agency's program in the West Bank, which had been closed since 1995, with the award of a grant to increase wireless Internet connectivity through the deployment of a WiMax system in the West Bank. Since then, we have



expanded our portfolio with an orientation visit to the United States for representatives of the West Bank marble and stone cutting industry, and a grant related to the development of an Internet data center in the West Bank.

I was also privileged to serve on the Presidential Delegation that visited China's Sichuan Province to assess needs after the region's earthquake devastation. Following my visit, USTDA acted quickly to provide funding to strengthen China's ability to predict and monitor aftershocks and landslides. The Agency is also supporting a program to provide helicopter search and rescue training to Chinese responders. Each of these programs will not only increase China's capacity to respond to natural disasters, but opens the door for U.S. equipment to serve as a critical component in those efforts. Recognizing the importance of the U.S.-China bilateral relationship, I travelled to China again in December to participate in the Strategic Economic Dialogue meetings, where I signed agreements signifying USTDA's support for projects that will further opportunities for U.S. firms interested in assisting China as it implements water quality and energy efficiency improvements.

I also travelled to Georgia twice after the Russian invasion to reaffirm USTDA's commitment to the country's

“USTDA’s achievements during the past year are directly attributable to the talent, expertise and dedication of the Agency’s exceptional staff. At the same time, the Agency’s reliance on private sector solutions to development challenges gives USTDA proven tools of success with which to carry out its program in cooperation with so many outstanding partners overseas.”

development. There, I awarded a grant to strengthen Georgia’s energy security by developing the country’s coal bed methane and coal mine methane resources, which followed an Agency grant awarded earlier in the year to support the development of an American-standard hospital in Tbilisi.

Shortly after arriving at USTDA, I travelled as part of an inter-agency delegation to Africa, where I launched the African Trade Lanes Partnership to promote Africa’s food security and economic growth by fostering regional cooperation and connectivity in all modes of transportation. Recognizing the capacity of transportation infrastructure to serve as a catalyst for growth in other sectors, this significant two-year initiative will provide \$4 million for transportation infrastructure planning across sub-Saharan Africa. As an initial step, I signed a Memorandum of Cooperation with the East African Community (EAC) and the U.S. Department of Transportation to promote regional integration among the five EAC countries. In further support of the Trade Lanes Initiative and the Millennium Challenge Corporation’s (MCC) investments in Africa, USTDA also funded an orientation visit to the United States for key government officials and private sector decision makers from Burkina Faso, Ghana, Mozambique, and Tanzania. This visit allowed the delegates to meet with potential U.S. private sector partners and providers of road construction services and equipment.

Throughout the year, I have been impressed by the level of USTDA’s cooperation with other U.S. government agencies in carrying out its mission. The Agency routinely partners with technical agencies at the Departments of Transportation, Homeland Security, and others in bringing their expertise to bear on the Agency’s activities. In addition, many USTDA-supported projects receive funding support during their implementation phases from the Export-Import Bank of the United States and the Overseas Private Investment Corporation.

Building on this collaboration and following the President’s announcement of a new approach to foreign assistance through MCC’s creation in his 2004 State of the Union Address, I was pleased to play an important role in refocusing USTDA’s programs in El Salvador, Ghana, Jordan, and Morocco in FY 2008 to support the objectives of each country’s long-term

development strategy with the MCC. This harmonization is helping to strengthen the impact of both agencies’ efforts. This spring, I was able to see the effectiveness of this approach in El Salvador’s Northern Zone, where USTDA is complementing MCC assistance by funding activities to promote the region’s development. Following this success, USTDA is providing assistance in developing an agricultural leasing program in Ghana, a cold storage project in Morocco, and a clean water project in Jordan, all of which are designed to ensure that U.S. industry plays an important role in project implementation.

Continuing the tradition of selecting a Country of the Year, I am pleased to announce that Brazil is the 2008 recipient of this distinction. Brazil was chosen due to the commercial success of U.S. firms in benefiting from the Agency’s portfolio, the country’s significant economic progress in recent years, and the very promising future of USTDA’s relationship with strong Brazilian project sponsors. As the third largest recipient of Agency funding in the Latin America and Caribbean region, USTDA has invested in 91 priority development projects in Brazil. Over the years, these investments have facilitated \$263 million in U.S. exports. Brazil has now embarked on a significant multi-year infrastructure development program that presents strong opportunities for USTDA to assist in defining the structure of the projects, so that U.S. firms are able to successfully compete for sales opportunities.

USTDA’s achievements during the past year are directly attributable to the talent, expertise, and dedication of the Agency’s exceptional staff. At the same time, the Agency’s reliance on private sector solutions to development challenges gives USTDA proven tools of success with which to carry out its program in cooperation with so many outstanding partners overseas. I am confident that the Agency’s record in FY 2008 will serve as a solid foundation in guiding its future.



Larry W. Walther
Director, U.S. Trade and Development Agency

OVERVIEW

In FY 2008, USTDA's program covered a broad range of activities supporting U.S. trade interests and foreign policy priorities. The Agency's activities drew upon the strengths of U.S. industry and matched them with emerging opportunities in developing and middle-income countries.

In particular, the Agency's portfolio of projects centered on three strategic areas—promoting energy and environmental best practices; ensuring secure and safe trade; and fostering open and fair trade.

As in the past few years, trade capacity building work comprised almost half of USTDA's project activities. The Agency prioritized projects that supported regional trade cooperation and infrastructure connectivity. More specifically, USTDA supported several new trade activities connected with the African Growth and Opportunity Act, the Asia-Pacific Economic Cooperation dialogue, the Agency's Dominican Republic-Central America Trade Integration Initiative, and its regional initiative in South and Central Asia.

In addition, USTDA demonstrated its flexibility, responsiveness, and project development expertise by providing assistance in response to the May earthquake in Sichuan, China, and in furthering war reconstruction efforts in Georgia. The Agency also funded assistance to promote the development of transportation infrastructure as part of the U.S. response to the global food crisis.

Throughout the year, USTDA placed great importance on the formation of public-private partnerships in the delivery of its assistance. The Agency also worked closely with other U.S. government agencies. USTDA and the MCC, for instance, worked jointly on several projects this year with the goal of expanding U.S. company involvement in overseas development work.

USTDA also achieved notable project successes in FY 2008 across many sectors, including aviation, environment, information and communications technology (ICT), and energy. New U.S. exports identified in FY 2008 totaled \$2.9 billion. USTDA also re-opened its program in the West Bank, and laid the foundation for robust programs in Brazil, India, and China.



USTDA reopened its program in the West Bank during FY 2008 with a grant promoting the expansion of the region's wireless Internet connectivity. Pictured here at the grant signing with Director Walther (left) are His Excellency Kamal Hassouneh (center), Minister of Telecommunications and Information Technology of the Palestinian Authority, and BCI Communications & Advanced Technologies Ltd. Managing Director Said Baransi (right).

PROMOTING ENERGY AND ENVIRONMENTAL BEST PRACTICES

As overall energy demand has grown, the desire of developing countries to produce and utilize energy in a sustainable and environmentally-friendly manner has grown. In FY 2008, USTDA prioritized activities promoting alternative energy resource development and energy conservation projects worldwide. In this regard, USTDA provided grants to Romania and Lithuania to develop liquefied natural gas import terminals. These terminals will augment the security and diversity of Romania and Lithuania's energy supply and increase the level of competition in the natural gas market.

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The parallel interests of increasing energy production and improving environmental standards have, in turn, presented a major opportunity for the U.S. private sector. USTDA utilized all of its program tools in FY 2008 to help bring that expertise to bear. For example, the Agency signed two technical assistance grants with Mexico's Comisión Federal de Electricidad (CFE) to develop important environmental management and remediation programs. One grant is funding technical assistance to strengthen environmental remediation at CFE's decommissioned power plants and substations. The other is helping to strengthen environmental management, such as the reduction of harmful chemical emissions and the development of waste management procedures, at over 160 CFE facilities. These two projects will demonstrate the latest environmental management techniques and best practices associated with the electricity sector. The Agency also supported clean fuel refinery projects in India and China, and worked with the U.S. Department of State and others to deliver assistance through the Asia-Pacific Partnership on Clean Development and Climate.

USTDA also continued to emphasize the role that the private sector can play in helping countries meet their energy needs. In sub-Saharan Africa, many of the Agency's activities have supported the emergence of independent power production (IPP) across the continent. In FY 2008 alone, USTDA funded activities associated with IPP projects in Cameroon, Mali, Nigeria, South Africa, Tanzania, and Uganda.

ENSURING SECURE AND SAFE TRADE

Secure and safe trade is a central pillar of a vibrant and healthy world economic system, benefiting the United States and ensuring the economic health and growth potential of its developing and middle-income trading partners. Increasing access to goods and services through reliable transportation networks is one of the key requirements for measurable development and poverty reduction worldwide. As such, USTDA supported several transportation infrastructure development projects, and launched some new initiatives.

The African Trade Lanes Partnership, for instance, was created in FY 2008 as a two-year initiative to support transportation infrastructure planning to facilitate

international and intra-African trade and cooperation. As initial steps under the Partnership, USTDA has supported a Ministerial-level transportation policy dialogue, railroad interconnectivity, and aviation infrastructure modernization.

In a post 9/11 world, security is by far one of the most pressing issues at the forefront of global trade. USTDA's Global Customs Initiative, which was launched in FY 2007, targets projects in port and supply chain security, and is designed to assist participating countries in adopting private sector-driven technical solutions, and expanding global markets for U.S. businesses. In FY 2008, USTDA hosted the first senior-level policy dialogue between U.S. government officials and delegates from the Philippine, Indonesian, Vietnamese and Malaysian customs agencies. Similar senior policy dialogues with the Brazilian and Mexican agencies are scheduled for FY 2009.

FOSTERING TRADE CAPACITY AND FAVORABLE REGULATORY FRAMEWORKS

Trade capacity constraints and poor regulatory frameworks limit countries' ability to grow and serve as disincentives to U.S. investment and business. Therefore, USTDA strives to promote pro-growth trade policies through partnerships with the U.S. private sector to help eliminate trade barriers, bolster stable and transparent regulatory frameworks, and promote U.S. trade policy. In FY 2008, the Agency, in concert with its U.S. private sector partners, made significant investments to foster open and fair access for U.S. firms by strengthening the regulatory mechanisms in key markets.

In China, for example, USTDA led an initiative in partnership with the Federal Trade Commission, the Departments of Justice and Commerce, the Office of the U.S. Trade Representative, and the U.S. Chamber of Commerce, in supporting a training program to ensure that China's new anti-monopoly law provides fair treatment to U.S. companies. This law is considered by many experts to be the most important piece of legislation that will impact China's competition policy for the foreseeable future.

USTDA also has formed a public-private partnership with U.S. industry to foster dialogue and cooperation



To help strengthen India's food security and trade capacity, USTDA sponsored a series of workshops under the U.S.-India Agriculture Knowledge Initiative on cold chain infrastructure. Here, some workshop participants are shown reviewing experiments involving produce samples stored under various conditions.

in the development of commercial and industrial standards policy and regulatory development in China and India. Consistent standards and conformity assessment systems in these countries will strengthen their ability to meet World Trade Organization obligations and improve product quality, safety, and reliability. USTDA expects to extend this type of assistance to Latin America in the near future.

RESPONDING TO EMERGING WORLD EVENTS

USTDA is recognized for its ability to respond quickly and deliver its full program of activities to support emergencies or global crises. Unfortunately, in FY 2008, the world witnessed many tragic natural and man-made disasters that called for quick and decisive responses from the international community. USTDA was pleased to answer the call and provide immediate assistance.

For instance, USTDA, along with other U.S. government agencies, adopted an aggressive strategy in response to the global food crisis, focusing on agriculture infrastructure development to fight the underlying causes of food insecurity around the globe.

Late in FY 2007, USTDA established the Indian Cold Chain Program to build capacity in India's fresh fruits and vegetables industry. As a result of the various training modules conducted in FY 2008, two companies have already signed agreements, resulting in substantial investment and the potential for large future exportation of U.S. goods and services. Based on this success, USTDA supported a similar project in Morocco, and is now focusing attention on cold chain supply work in China.

In June 2008, shortly after the devastating earthquake in Sichuan Province, Director Walther visited China. In response to a Chinese request on that visit, USTDA provided assistance to the earthquake recovery efforts, including funding for U.S. Geological Survey experts to help with earthquake aftershock prediction and landslide monitoring. USTDA will continue to support recovery efforts in Sichuan in FY 2009.

In addition, USTDA was proud to be part of the U.S. government's emergency response economic assistance mission to Georgia, led by the State Department's Under Secretary for Economic, Business, and Agricultural Affairs, just weeks after the Russian invasion. During the visit, Director Walther signed a grant for the development of a coal-bed methane project, which ultimately will contribute to Georgia's energy independence. USTDA is currently reviewing several additional energy and other infrastructure projects in Georgia as part of a broader U.S. government effort to assist the country with its reconstruction efforts.

FORGING NEW PARTNERSHIPS AND LOOKING FORWARD

USTDA's continued goal in FY 2009 is to remain flexible and work closely with U.S. industry and the Agency's overseas project partners to help deliver quality project development and trade capacity building assistance. In doing so, USTDA will remain diligent at balancing trade interests, development needs and U.S. foreign policy priorities to ensure maximum results for U.S. exporters and the developing country project sponsors.

2008 COUNTRY OF THE YEAR:

BRAZIL

USTDA is pleased to recognize Brazil as its 2008 Country of the Year. Brazil was chosen due to the success of the Agency's portfolio, the country's significant economic progress in recent years, the success of U.S. firms in benefiting from USTDA's program in Brazil, and the very promising future of USTDA's relationship with strong Brazilian project sponsors.

As the third largest recipient of USTDA's funding for the Latin America and Caribbean region, USTDA has invested in 91 priority development projects in Brazil. As a result, USTDA's investments in Brazil have facilitated \$263 million in U.S. exports.

Brazil is the largest economy in Latin America and is a regional success story. The country has produced steady economic growth, transformed itself into a creditor nation, and achieved investment grade status from Standard & Poor's and Moody's. Brazil is an attractive location for foreign investment and is considered an important U.S. commercial partner in the region. In fact, two-way trade between the United States and Brazil grew by 78 percent to \$50.2 billion in 2007, up from \$28.2 billion in 2002.

In parallel with these developments, Brazil is investing heavily in infrastructure. The Brazilian government has initiated a R\$500 billion (US\$230 billion), four-year program of major infrastructure projects to modernize the country's transportation, energy, and utility sectors. In addition, Brazilian state and municipal governments, as well as the private sector, have considerable future plans that will

contribute to the country's infrastructure development.

USTDA's program in Brazil supports these goals and the objectives of the U.S.-Brazil Commercial Dialogue. Launched in June 2006, the Dialogue seeks to stimulate bilateral trade and investment, with a focus on improving the competitiveness of each country.

By working with innovative Brazilian partners, USTDA has identified projects that would best benefit from U.S. technologies and services during project implementation. Aviation, surface transportation, and ICT are the most active sectors for USTDA in Brazil.

USTDA's largest success story in Brazil stems from an orientation visit the Agency sponsored for rail officials, led by the Brazilian Association of National Rail Transporters (*see feature on p. 9*). Over the course of the visit, the Brazilian delegates were introduced to a variety of U.S. rail technologies. As a result of contacts made during the visit, one of the participating Brazilian companies, MRS Logística, purchased \$126 million in General Electric (GE) locomotives.

In another example of the success

of USTDA's partnerships in Brazil, \$40 million in U.S. exports by GE, Flowserve, Unifrax, Honeywell and Kidde Fire Fighting originated from a USTDA-sponsored technical assistance program for Petrobras, Brazil's national oil company. The program, which was carried out by Risk, Reliability and Safety Engineering, of League City, Texas, assisted Petrobras in upgrading its refinery fire control systems.

Building upon these successes, USTDA awarded three grants in FY 2008 to strong Brazilian project sponsors. The grants, valued at over \$1.2 million, support development priorities in the ICT and aviation sectors. In the State of Acre, for example, USTDA is funding a study for the State Secretariat of Administrative Management to determine the feasibility of implementing a statewide broadband connectivity project to increase Internet access in the remote regions of the state. Meanwhile, USTDA is providing two grants to the State of Minas Gerais. Under a grant to the State Economic Development Secretariat, USTDA is furthering the development of an administrative data center. A separate grant to the Transport and Public Works Secretariat

DEVELOPING THE INFRASTRUCTURE TO PROMOTE GROWTH

Historic center of the Brazilian city of Salvador, Bahia.



is funding the expansion of the PROAERO Small Airports Network Program.

In addition to these grants, USTDA sponsored orientation visits to the United States to facilitate exchanges between key Brazilian decision makers and their U.S. counterparts. The visits focused on marginal oilfield production, the natural gas/liquefied natural gas sector, and aviation.

USTDA's program in Brazil demonstrates the Agency's effectiveness in bringing U.S. technology, expertise and ingenuity to bear in addressing development needs. In establishing its priorities, Brazil has continuously endeavored to couple infrastructure development with

economic growth. USTDA looks forward to continuing to partner with Brazil to meet both countries' commercial and policy objectives.

USTDA Director Larry W. Walther and Acre State Secretary for Administrative Management Mâncio Lima Cordeiro shake hands following the award of a grant that will assist the State of Acre in determining the feasibility of a proposed statewide broadband project.



LATIN AMERICA AND THE

USTDA's activities in Latin America and the Caribbean during FY 2008 supported greater regional trade and integration, while responding to the demand for innovative infrastructure development in the energy, environmental, transportation and ICT sectors.

A highlight of the year was the selection of Brazil as USTDA's Country of the Year (*see feature on p. 6*). This recognition symbolized the strength of economic and trade relations between the United States and Brazil, as well as Brazil's commitment to develop a diverse and vibrant economy.

During FY 2008, USTDA continued to support regional trade capacity and integration. For example, in El Salvador, USTDA signed three grants, totaling \$1.1 million for the high priority Northern Zone. The grants complement the MCC Compact with El Salvador and were awarded under the Agency's Dominican Republic-Central America Trade Integration Initiative. The grants will fund a comprehensive Northern Zone development and investment plan, the creation of an Internet portal devoted exclusively to information about trade and investment opportunities in the Northern Zone, and technical assistance to the Municipality of Chalatenango in developing a commercial zone and municipal infrastructure that builds upon the MCC's investments.

Recognizing the importance of the U.S.-Mexico bilateral relationship, USTDA co-sponsored the *U.S. and Mexico: Building Partnerships in Infrastructure Conference* in Mexico City. The event highlighted cross-border partnership opportunities under the Government of Mexico's National Infrastructure Program. Approximately 400 participants from the public and private sectors of Mexico and the United States, including five Mexican cabinet officials, participated in the conference.

The expansion of aviation infrastructure was the region's predominant sectoral focus, comprised of eight aviation-related grants in Brazil, the Caribbean, Chile, and Mexico. An aviation sector highlight for the Agency was its collaboration with the International Finance Corporation on the planned privatization of Air Jamaica. To support this effort, USTDA provided two technical assistance grants to fund the development of a corporate and regulatory framework, as well as a technical review of the privatization for the Government

of Jamaica. USTDA assistance will facilitate competitive privatization offers for the national airline, while realizing significant cost savings for the Government of Jamaica.

USTDA also maintained an active portfolio in sustainable energy development and environmental remediation throughout Latin America and the Caribbean during FY 2008. For example, USTDA provided two grants to Mexico's Federal Electricity Commission to develop environmental management and remediation programs. The Agency also awarded a grant to the Municipality of Puerto Peñasco in Mexico to assess the feasibility of installing a water desalination system.

The ICT sector featured prominently, as well, in USTDA's FY 2008 Latin America and Caribbean portfolio. For instance, USTDA provided grants to analyze Internet broadband and administrative data center projects in Brazil.

Overall, USTDA's FY 2008 portfolio in Latin America and the Caribbean demonstrated a commitment to U.S. foreign policy and trade objectives, while responding to the development needs and priorities of a dynamic regional market.

CARIBBEAN:

SUPPORTING ECONOMIC DEVELOPMENT AND INNOVATION

CONNECTING U.S. FIRMS WITH OPPORTUNITIES IN BRAZIL'S RAIL SECTOR

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

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

During the reverse trade mission, the delegates traveled to Pennsylvania for site tours, including one to the

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

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

USTDA funded an orientation visit to the United States for Brazilian rail officials that contributed to MRS Logística's decision to purchase GE locomotives.



SUB-SAHARAN AFRICA:

In sub-Saharan Africa, what we do is as important as how we do it. USTDA's ability to work on both a country-specific and regional basis is essential in promoting regional economic integration through infrastructure modernization.

In this regard, USTDA programs create the necessary linkages between sectors, countries, and partners.

One of the most severe constraints on economic growth in sub-Saharan Africa is the lack of basic infrastructure. Recognizing this need, USTDA solidified its approach in the region during FY 2008 by looking at how combinations of activities in transportation, energy, and ICT must be employed collectively to affect economic development. In addition, the Agency continued its focus on regional cooperation and integration in addressing sub-Saharan Africa's infrastructure needs.

FY 2008 was a banner year for USTDA in sub-Saharan Africa in launching the African Trade Lanes Partnership, promoting regional ICT initiatives, and creating several public-private partnership opportunities in the energy and power sector.

Under the African Trade Lanes Partnership, USTDA is fostering regional cooperation and connectivity in all modes of

transportation, including aviation, maritime, land, and rail. Throughout the two-year program, the Agency will provide grant funding for transportation infrastructure planning activities across sub-Saharan Africa. USTDA's resources will leverage donor assistance and private capital to further the implementation of efficient trade lanes and core transportation infrastructure.

As an initial step, USTDA signed a Memorandum of Cooperation with the East African Community (EAC) and the U.S. Department of Transportation for the development and support of regional integration activities among the five EAC countries. USTDA also funded an orientation visit to the United States for key government officials and private sector decision makers from Burkina Faso, Ghana, Mozambique, and Tanzania to meet with potential U.S. private sector partners and providers of road construction services and equipment. This activity was designed to leverage each country's Compact Agreement with the MCC, which is investing heavily in road construction in priority

transportation corridors.

In July 2008, USTDA expanded its commitment to regional integration by sponsoring the *West Africa ICT Road Map to Opportunities Conference* in Accra, Ghana. The conference included participation by Ghanaian Vice President Alhaji Aliu Mahama and seven communications ministers from the region. The symposium promoted regional solutions to advance telecommunications interconnectivity, highlighting the role that U.S. technology providers could play in meeting West Africa's ICT goals. It also served as the venue for launching USTDA's program in Niger and deepened the Agency's commitment to Liberia's reconstruction through a series of grants that will support the development of each country's ICT infrastructure.

To help Africa meet its demand for power, USTDA focused on ways to promote energy security through diversification. To this end, USTDA supported activities in FY 2008 to promote independent power production in Cameroon, Mali, Nigeria, South Africa, Tanzania, and Uganda.

In the coming year, USTDA will continue to maintain its strong presence in sub-Saharan Africa, prioritizing regional cooperation and integration in the development of solutions to development challenges.

A "NO-BORDERS" APPROACH TO DEVELOPMENT



Gloria Ngozi Ezeokafor (right) is a community phone operator in Nigeria as a result of a USTDA-supported project through the International Finance Corporation. Her company is helping to promote economic growth by connecting businesses in her community with suppliers and potential customers.

EXPANDING ACCESS TO INFORMATION AND COMMUNICATIONS TECHNOLOGY IN AFRICA

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

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

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

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

MIDDLE EAST AND NORTH

USTDA's portfolio of activities in the Middle East and North Africa for FY 2008 reflected the Agency's continuing commitment to supporting the development goals of overseas project sponsors through the use of U.S. services, equipment, and technology.

In carrying out its program, USTDA tailored activities to the specific needs of each project to maximize the potential benefits to project sponsors and the U.S. business community.

A highlight of the year for the Agency in the Middle East and North Africa was the re-opening of its program in the West Bank at the Palestine Investment Conference (PIC) in Bethlehem. Director Walther participated in the PIC as a member of the Presidential Delegation and awarded a grant for technical assistance on the deployment of a private sector-led WiMax network, a wireless telecommunications technology intended for highly-populated metropolitan areas that can provide broadband wireless access up to 30 miles. Director Walther's participation in the conference also led to two additional West Bank activities in FY 2008. They include a grant to support the creation of a private sector Internet data center to help expand web-based commerce in the West Bank and the region, and an orientation visit to the United States for representatives of the marble and stone industry, a significant

component of the economy in the West Bank.

Elsewhere in the region, USTDA collaborated with MCC, which recently signed a Compact in Morocco. During FY 2008, USTDA funded a technical assistance program in cold storage infrastructure for palm dates that complements MCC support for improved Moroccan fruit tree production. Following this successful model, the Agency is considering similar support to the fisheries sector related to the MCC Compact and is developing additional activities for the year ahead. USTDA is also working with the MCC to facilitate an orientation visit focused on Jordan's water sector. The visit is expected to take place in the spring of 2009 and will build on both USTDA and MCC activities in Jordan.

Across the region, ICT, energy, environment, and transportation were priority sectors for USTDA. ICT proved to be the Agency's most dynamic sector in the region, with the award of the WiMax and Internet data center grants in the West Bank, as well as a grant for a Smart Card program in Jordan aimed at assisting the government

in promoting more efficient and modern government infrastructure.

USTDA continued its support for the region's energy sector in FY 2008 with a grant to the Moroccan Office of Hydrocarbons and Mining. The grant is funding technical assistance for data management and investment promotion in upstream petroleum and mineral development. The goal of the program is to increase investment in Morocco's hydrocarbon and mineral resources. USTDA also funded a feasibility study in Egypt for an integrated sugarcane and ethanol plant in the Kalabasha Valley, near Aswan, Egypt, in order to provide new energy sources for Egypt's rapidly expanding energy needs.

In the aviation sector, USTDA provided a grant to EgyptAir Maintenance and Engineering, one of the Middle East and Africa's leading providers of aircraft maintenance services, to upgrade its ICT infrastructure for corporate, as well as maintenance, repair, and overhaul operations. This technical assistance project will investigate how EgyptAir Maintenance and Engineering's ICT resources can be updated to best meet and exceed its safety, quality, customer service, and profitability goals.

USTDA will continue to work with strong project sponsors across the Middle East and North Africa to increase trade capacity and promote economic development by supporting activities that also foster commercial opportunities for U.S. firms.

AFRICA:

RESPONDING TO REGIONAL PRIORITIES

More than \$275 million in U.S. exports have been used in the construction of an ammonia production plant in Ain Sokhna, Egypt.



USTDA STUDY LAID GROUNDWORK FOR EGYPTIAN AMMONIA PLANT

An ammonia production plant in Ain Sokhna, Egypt, is being constructed using more than \$275 million in U.S. exports of goods and services. A USTDA-funded early investment analysis for the project sponsor, Egypt Basic Industries Corporation (EBIC), laid the ground work for EBIC to move forward with this project, which will provide significant benefits to the Egyptian economy.

Ammonia is a key component in the production of fertilizer and the plant will help Egypt to meet growing domestic and international demand. The USTDA-funded study, which was conducted by the M.W. Kellogg Technology Company, now Kellogg Brown & Root Company (KBR), provided the foundation for the development of a modern ammonia plant that utilizes KBR technology and conforms to new environmental laws. Based upon the completed study, the Export-Import Bank of the United States

approved a \$229 million long-term guarantee to support KBR's offer to build the plant. To date, 33 U.S. companies in 11 states have realized business as KBR suppliers in the engineering and construction of the plant.

EBIC Chairman Basil Elbaz and Managing Director Dr. Amr Hassaballah noted that USTDA's assistance was an effective catalyst in moving the project forward. "USTDA fueled a first step... and provided a roadmap for us to follow," they said.

The plant is now in the commissioning phase and will go into production in January 2009, yielding 2,000 metric tons of ammonia per day. Based on the plant's progress so far, EBIC has taken preliminary steps toward replicating the project on a larger scale, which may lead to significant additional U.S. exports in the future.

SOUTH AND SOUTHEAST

USTDA completed a strong year in South and Southeast Asia supporting activities in several essential sectors, in line with U.S. strategic trade goals, led by a substantially expanded India program and a diverse set of new investments in Southeast Asian partner countries.

Energy, aviation, and ICT were priorities in South and Southeast Asia. In the energy sector, security and clean energy investments were key, demonstrated by important projects in Cambodia, India, the Philippines, and Vietnam. The Agency's aviation activities targeted safety initiatives, infrastructure needs, traffic growth, and planning for the adoption of new air traffic management technologies by Asia-Pacific Economic Cooperation (APEC) economies. In ICT, investments addressed diverse, yet common needs in e-government, port logistics, water supply, environmental management, and disaster preparedness.

This thematic diversity was complemented by training programs, trade missions, and technical workshops that played an important role in the Agency's regional portfolio. Topics included: e-government systems and customs modernization in Southeast Asia; cold chain infrastructure development, air navigation and management, agricultural biotechnology, and patent examination in India; refinery modernization in Pakistan;

and standards development and civil nuclear power infrastructure in Vietnam.

USTDA's India portfolio expanded significantly in FY 2008 and included oil refinery safety and modernization activities, an offshore oil and gas safety program, and an oil and gas regulatory capacity building program. Under the U.S.-India Aviation Cooperation Program, the Agency supported programs to address capacity challenges, improve safety management, and transition to new air traffic management technologies. In addition, USTDA committed funding to a U.S.-India cooperation program to develop a more transparent standards system based on market-driven, private sector-led approaches. The Agency also saw significant results from ongoing technical cooperation initiatives in coal bed methane development.

In Southeast Asia, USTDA's programs were led by diverse commitments in the Philippines and Vietnam, reflecting their economic momentum. In the Philippines,

opportunities included water supply management, packaged effluent treatment, ICT modernization, oil spill response, and financing of rural electrification. In Vietnam, commitments included activities in aviation safety, ICT planning for port logistics, and stock market system modernization. These countries, along with Indonesia and Thailand, are traditionally strong partners, where U.S. companies play a role promoting trade, development, and modernization gains.

USTDA supported a senior-level policy dialogue between U.S. and Southeast Asian customs officials from the Philippines, Vietnam, Malaysia and Indonesia as part of the Agency's Global Customs Initiative, a \$4 million program launched in 2007 to address critical customs training requirements by incorporating private sector-driven approaches to customs-related needs.

USTDA will continue to emphasize shared modernization priorities and technical assistance objectives in South and Southeast Asia in the energy, transportation, finance, environment, and trade capacity areas. Addressing these priorities through the use of USTDA program and assistance tools will facilitate the application of U.S. solutions to development needs, while directly supporting U.S. foreign policy goals with key partners in the region.

ASIA:

LINKING U.S. BUSINESSES TO FAST-GROWING ECONOMIES



Vietnam Airlines will use Sabre technology to meet IATA global e-commerce requirements.

APPLYING U.S. TECHNOLOGY SOLUTIONS IN VIETNAM'S AVIATION SECTOR

Sabre Holdings, of Southlake, Texas, has won a multi-million dollar contract to supply its Internet Booking Engine and passenger service system to Vietnam Airlines. This success was made possible by a USTDA-funded technical assistance program conducted by Unisys Corporation, based in Blue Bell, Pennsylvania.

The recommendations developed by Unisys outlined the necessary systems upgrades and procedures for Vietnam Airlines to comply with the International Air Transport Association's (IATA) Simplifying the Business (StB) program, a global e-commerce initiative for the airline

industry. The StB program strives to establish global standards, cost reduction measures, and international consistency to simplify airline processes pertaining to e-ticketing, boarding passes, IATA e-freight, and similar operations.

Implementation of the systems is underway and is expected to be completed by mid-2009. By implementing Sabre's solutions, Vietnam Airlines will be able to better serve its expanding aviation market, enter into code-sharing with other compliant international carriers, and modernize its operations.

EAST ASIA: BUILDING PARTNERSHIPS TO

USTDA achieved notable success in East Asia during FY 2008 by continuing to strike a balance among U.S. foreign policy and trade objectives and economic development priorities in China and Mongolia.

Throughout the year, USTDA built on its record in the region of promoting public-private partnerships designed to address priority issues.

Cleaner energy and environmental improvement projects were priorities for USTDA in East Asia. During the year, the Agency funded two projects to help reduce emissions of nitrogen oxide and other harmful pollutants in Shandong and Liaoning provinces. USTDA also hosted an orientation visit for the Ministry of Water Resources to promote the use of advanced water pollution monitoring systems in key waterways, supporting China's efforts to more effectively control pollutants entering its lakes, river systems, and coastline.

As in prior years, USTDA's China portfolio exhibited a diverse combination of trade policy initiatives and infrastructure development projects. In the trade policy area, USTDA launched a series of technical workshops designed to assist China as it implements its Anti-Monopoly Law, the enforcement of which has the potential to significantly impact global corporations doing business in China. USTDA also provided assistance to the Ministry of Finance during its negotiations to accede to the World Trade Organization's Government

Procurement Agreement (GPA). Once China becomes a party to the GPA, this market will offer tremendous potential for U.S. firms. Other successful USTDA trade policy initiatives in China continued during FY 2008 under ongoing programs and included activities to promote transparency and international best practices in standards and conformity assessment, effective intellectual property rights protection, and science-based approaches to agricultural biotechnology regulatory policies.

In the aviation sector, USTDA supported an expansion of the highly successful U.S.-China Aviation Cooperation Program (ACP). This model public-private partnership, brings together leaders from the U.S. government, private industry, and the General Administration of Civil Aviation of China (CAAC). The ACP continues to promote enhanced dialogue on aviation safety and security issues in the rapidly growing Chinese market and encourage liberalization of China's airspace. As part of the program's activities, USTDA hosted 35 Chinese aviation professionals for a three-month executive management training program for China's next generation of aviation leaders. In addition, a

USTDA-funded training grant awarded under the program's framework played a critical role in the selection of U.S.-manufactured aircraft engines for China Eastern Airlines' expanding fleet.

USTDA responded quickly after the May 2008 earthquakes in Sichuan Province to provide funding to strengthen the ability of the China Earthquake Administration and China Geological Survey to predict and monitor aftershocks and landslides. In addition, USTDA funded an orientation visit for officials from the CAAC to learn about U.S. technologies related to airport emergency and rescue services. As the region continues to suffer from these events, this assistance will enhance China's capacity to minimize loss of life and damages.

In Mongolia, USTDA continued to seek out opportunities for U.S. commercial involvement in priority development projects. In coordination with the MCC, which signed a Compact with Mongolia in October 2007, USTDA provided funding to examine a branch railroad to link a coal mine in the southeastern part of the country to the main rail line. The branch railroad will offer a more efficient avenue to transport coal resources from the mine to domestic and regional markets.

USTDA will continue to pursue projects in East Asia that are industry-driven, policy and trade-oriented, and highly supportive of U.S. trade and foreign policy priorities.

PROMOTE TRADE

DEVELOPING CHINA'S CLEAN ENERGY RESOURCES

A 120 megawatt (MW) coal mine methane power facility is producing electricity in China based on the results of a USTDA-funded study. Approximately \$40 million in U.S. exports were used in the development of the facility.

The project was designed to further Chinese efforts to reduce greenhouse gas emissions, improve mine safety, and increase the capacity of the local power grid. USTDA supported the project with a grant to Shanxi Jincheng Anthracite Coal Mining Group (JMG), which funded a contract between JMG and SCS Engineers, Inc. of Long Beach, California. Under the contract, SCS Engineers defined equipment specifications for the project and facilitated the evaluation of bids by suppliers.

The positive results of the USTDA-funded assistance and financing provided by the Asian Development Bank supported the award of a contract to Caterpillar Inc. of Peoria, Illinois, and its Chinese partner, Shanghai Electric. Caterpillar supplied U.S.-manufactured gas engines and

other equipment and services associated with the project.

Following the success of this project, Caterpillar was selected to provide an additional 31 methane gas-powered generator sets to produce an additional 54MW of power at the Cheng Zhuang and Mei Gan Shi coal mines in Shanxi Province. "These projects are major steps forward in China's road to sustainable development and demonstrate the benefits of positive bilateral trade relations between the United States and China," said Rich Lavin, Caterpillar group president with responsibility for Asia.

Overall, these projects represent important contributions in the development of clean energy solutions to meet China's growing power needs. Moreover, they reflect the increasing cooperation between U.S. and Chinese energy sector interests under the Asia-Pacific Partnership for Clean Development and Climate, a priority energy and environmental initiative.



Caterpillar engines/generators were used in the construction of the Jincheng coal mine methane power facility in China.

EUROPE AND EURASIA:

Fostering energy security by supporting new energy resource development and new transport options was USTDA's focus in Europe and Eurasia during FY 2008.

Currently, European countries rely on a single supplier for the vast majority of their natural gas, creating market distortions and political and economic vulnerabilities. To encourage diversification, USTDA funded investment analysis on liquefied natural gas (LNG) import terminals in Lithuania and Romania. The terminals will enable these countries to import natural gas from multiple sources, buttressing supplies and enhancing competition in natural gas markets worldwide.

The construction of LNG import terminals in Lithuania and Romania will also provide Caspian region natural gas producers with an additional export route. Already, USTDA has funded a feasibility study on the construction of oil and gas pipelines to bring Central Asian resources across the Caspian Sea to Europe through Azerbaijan, Georgia, and Turkey. To reinforce Azerbaijan's role as an energy transit country, the Agency provided training to Azeri government officials in how to establish international natural gas transit agreements.

To further the Agency's focus on energy resources in the region, USTDA sponsored a training

program for Turkmen oil and gas sector officials to familiarize them with international best practices in the licensing of onshore and offshore hydrocarbon resources. The training is expected to result in production sharing agreements with U.S. oil and gas companies, whose experience and expertise will facilitate the development of new resources. USTDA also funded a feasibility study that will examine the potential to produce energy from coal bed and coal mine methane in Georgia, thereby helping that country reduce its dependence on natural gas imports and produce clean energy.

Beyond energy security, USTDA continued to promote regional integration in South and Central Asia via key infrastructure initiatives in the electric power, telecommunications, and transportation sectors. Following-up on a USTDA-funded regional power conference held two years ago, the Agency financed a program to support a new coal-fired power plant in Tajikistan. The plant would underpin the development of an energy corridor, bringing surplus electricity from Central Asia to meet shortages in Afghanistan and Pakistan. Progress is also being made in establishing a regional fiber optic line, which was agreed upon

at the regional telecommunications policy conference that USTDA funded last year.

Civil aviation was another focal point for USTDA in Europe and Eurasia. In Latvia, USTDA funded a study on ways to improve air traffic safety while increasing the efficient use of Latvian airspace. The Agency also invited Polish and Ukrainian aviation officials to the United States to showcase leading U.S. technologies as these countries prepare to upgrade their airports in advance of the 2012 European Football Championships.

In the area of ICT, USTDA continued to promote emergency management projects through grants for the evaluation of an integrated municipal emergency management system in Gdansk, Poland, and a "next generation network" emergency management system in Romania. Additionally, USTDA invited officials from Turkmenistan and Turkey to visit the United States and explore new opportunities for collaboration with ICT firms.

Overall, the Agency continued to apply its targeted and results-oriented program of assistance in ways that advance U.S. foreign policy priorities in Europe and Eurasia, while also supporting sustainable development objectives and identifying commercial opportunities for U.S. firms.

EXPANDING OPPORTUNITIES FOR GROWTH



U.S. firms from eight states have made important contributions in the development of this geothermal power plant in Turkey.

POWERING TURKEY'S DEVELOPMENT WITH RENEWABLE ENERGY

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

Over \$23 million in U.S. exports of goods and services from eight states have been utilized during construction. This amount includes approximately \$5 million in engineering and consulting service exports that were financed by the Export-Import Bank of the United States with a 15-year loan guarantee.

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

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

As the plant becomes operational at the end of 2008, it will provide Turkey with an important renewable energy source to further the country's economic growth. Importantly, in addition to the jobs supported in the United States, up to 250 local jobs are associated with the construction and erection works and 37 jobs will be created to operate the plant. Moreover, the project has provided additional job opportunities for local people involved in improving the infrastructure surrounding the Germencik field.

STRATEGIC FOCUS

USTDA ELIGIBILITY CRITERIA

Proposals submitted to USTDA for funding consideration are evaluated primarily on the following criteria:

- Priority of the projects to the sponsors and the countries where they are located and the likelihood that they will receive implementation financing or, in the case of USTDA's trade capacity-building work, advance trade liberalization efforts; and
- Whether they offer mutual economic benefit for the host country and the United States, including opportunities for commercial cooperation with U.S. firms, thereby supporting U.S. jobs.

Due to the high demand for USTDA funding, not all proposals that meet USTDA funding criteria can be supported. USTDA's program is dependent on the commitment of the host country to trade reform or infrastructure development, U.S. policy interests, and available funding.

Each year, USTDA supports activities aimed at furthering countries' economic development by providing foreign project sponsors with access to U.S. private sector technologies, expertise, and best practices. USTDA pursues U.S. trade and development priorities by focusing on four major areas: promoting energy security and environmental best practices; ensuring safe and secure trade; fostering trade capacity and favorable regulatory frameworks; and responding to emerging world events..

THE USTDA PROGRAM

USTDA is a foreign assistance agency that delivers its program commitments through overseas grants to project sponsors who, in turn, contract with U.S. firms. The projects supported by USTDA activities represent strong and measurable development priorities in host countries and offer opportunities for commercial participation by U.S. firms. Public and private sector project sponsors in developing and middle-income countries request USTDA support to assist them in implementing their development priorities.

USTDA's program is designed to help countries

establish a favorable trading environment and a modern infrastructure that promotes sustainable economic development. To this end, the Agency funds overseas project sponsor access to U.S. private sector expertise in the areas of: 1) trade capacity-building and sector development; and 2) project definition and investment analysis.

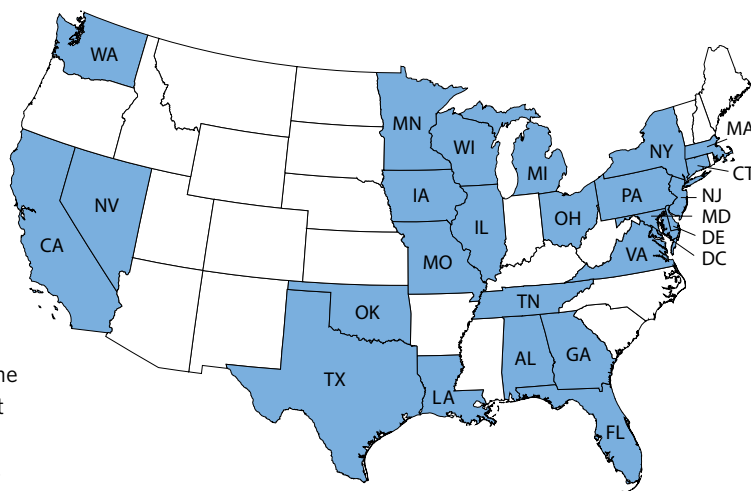
PROGRAM ACTIVITIES

Trade Capacity-Building and Sector Development

- **Sector Development Technical Assistance:** USTDA provides technical assistance to facilitate the development of sector strategies, industry standards, and legal and regulatory frameworks. This assistance helps to create a favorable business and trade environment.
- **Trade Agreement Support:** USTDA works closely with the Office of the U.S. Trade Representative, private industry and others to deliver trade capacity-building technical assistance. This assistance is normally associated with the negotiation and implementation of trade agreements and compliance with important international market access requirements. Areas of assistance may include customs processing and valuation, intellectual property rights (IPR), government procurement, technical barriers to trade, and trade in services.
- **Training:** USTDA provides training for foreign decision-makers in economic sectors where there are opportunities for the sale of U.S. equipment and services. The training is normally focused on technology or regulatory issues and is designed to give project sponsors a better understanding of U.S. experience and capabilities. Training is conducted in the United States and/or in the host country.
- **Trade and Industry Advisors:** Foreign government entities may obtain USTDA grants for trade and industry advisors. These advisors are typically located in ministries or municipalities where they can help with capacity-building activities relevant to trade regulations, standards, or the import of technology and additional expertise.

Project Definition and Investment Analysis

- **Project Definitional Missions and Desk Studies:** One of the earliest stages of project planning is the development of the scope of an activity that must be addressed before an investment decision can be made. USTDA helps to ensure that a project is appropriately conceived by contracting with technical specialists to perform this due diligence. Using U.S. private sector resources and expertise, these activities provide preliminary assessments of the economic viability of proposed projects and determine whether they meet USTDA's funding criteria.
- **Early Investment Analysis and Sector Development:** USTDA provides grants for overseas infrastructure project planning assistance, such as technical assistance and feasibility studies. These grants assist in the development of market-oriented reforms undertaken by overseas governments and the evaluation of the technical, financial, environmental, legal, and other critical aspects of infrastructure development projects that are of interest to potential lenders and investors. Further, USTDA supports procurement assistance to overseas partners as they undertake fair and open competitive bidding on international tenders for infrastructure development projects. Host country project sponsors select the U.S. companies, normally through open competitions that perform USTDA-funded activities.
- **Orientation Visits:** Orientation visits bring foreign project sponsors to the United States to observe the design, manufacture, demonstration, and operation of U.S. products and services that can potentially help them achieve their development goals. USTDA uses U.S. firms to assist in the preparation and management of these customized visits.
- **Workshops and Conferences:** USTDA organizes workshops, conferences, and technical symposia worldwide. These events are sector or project-oriented and are aimed at connecting overseas project sponsors with U.S. firms and entities that supply project finance, technology, and industry expertise that may be useful in project implementation.



States visited by USTDA-sponsored delegations in FY 2008.

BUILDING ALLIANCES WITH OTHER AGENCIES

As a foreign assistance agency that delivers commercially-based results for trade and development initiatives, USTDA works in coordination with numerous U.S. government agencies. In addition, USTDA's inter-agency cooperation continues in the reconstruction of Afghanistan and Iraq. USTDA also participates in the Trade Policy Coordinating Committee process, working closely with the USTR in delivering trade capacity-building assistance in connection with ongoing free trade and World Trade Organization negotiations and agreements.

- **Millennium Challenge Corporation (MCC):** Working closely with MCC, USTDA has focused its program on developing complementary programs in Compact countries to ensure that development gains are broad-based and sustainable. In addition, USTDA has highlighted procurement opportunities under MCC funding to U.S. industry.
- **Office of the U.S. Trade Representative (USTR):** USTDA coordinates with USTR on trade capacity-building activities designed to support bilateral and multilateral negotiations, such as the U.S.-Colombia Trade Promotion Agreement (TPA) and Trade and Investment Framework Agreement discussions around the world. USTDA also coordinates with USTR on activities that support the implementation of the U.S.-Dominican Republic-Central America Free Trade Agreement (FTA), the U.S.-Chile FTA, the U.S.-Morocco FTA, the U.S.-Jordan FTA, the U.S.-Peru TPA, and the African Growth and Opportunity Act.



USTDA awarded three grants during FY 2008 to complement El Salvador's Compact with the MCC on the development of the Northern Zone. Here, Director Walther reviews plans to develop commercial zones in the Northern Zone's largest municipality, Chalatenango, which will utilize MCC-financed infrastructure.

- **Department of State:** USTDA coordinates with the Department of State and U.S. embassies and consulates around the world. In particular, USTDA continues to coordinate its reconstruction efforts in Afghanistan and Iraq.
- **U.S. Agency for International Development (USAID):** USTDA and USAID maintain a mutually beneficial relationship. USAID is an important overseas source for USTDA project leads and ideas, while many USTDA activities complement and enhance the success of USAID investments.
- **Export-Import Bank of the United States (Ex-Im Bank):** USTDA researchers have found that a significant amount of U.S. exports associated with USTDA-funded activities are financed by Ex-Im Bank loans and guarantees. USTDA reports are designed to facilitate financing by Ex-Im Bank and other financial entities accessible to foreign project sponsors interested in purchasing equipment in the United States.

- **Department of Commerce:** Combining USTDA activities with the Department of Commerce's local contacts and expertise through the U.S. Commercial Service provides U.S. companies with an enhanced level of service.
- **Overseas Private Investment Corporation (OPIC):** USTDA activities at the front end of potential projects help to create a favorable investment climate for U.S. companies and facilitate access to OPIC financing and insurance programs.
- **Department of Transportation (DOT):** USTDA draws upon private sector resources and DOT technical expertise, including the Federal Aviation Administration (FAA) in the area of aviation safety. USTDA and the FAA serve as co-chairs of the inter-agency Committee on International Aviation Safety and Security.
- **Department of Homeland Security (DHS):** Joint activities with DHS include programs on customs and IPR training, and transportation and supply chain security.
- **Department of the Treasury:** USTDA and the Department of the Treasury engage in cooperative efforts on economic and trade issues to encourage sound economic development and greater transparency in developing markets.

PERFORMANCE AND DEVELOPMENT MEASUREMENT

USTDA has taken several steps to ensure that its program remains results-oriented and successful in delivering commercial foreign assistance. In particular, the Agency has taken on an increasingly visible role in providing trade capacity-building assistance around the world. Moreover, the adoption of the Program Assessment Rating Tool (PART) performance measures for developmental impact and closer inter-agency coordination are additional efforts taken by the Agency to promote U.S. foreign policy goals. These results benefit developing countries and enhance U.S. national security by fostering stronger and more stable countries and regions. Through the successful implementation of the PART goals, USTDA received an "effective" rating for its overall program.

USTDA has taken several steps to ensure that its program remains results-oriented and successful in delivering commercial foreign assistance. In particular, the Agency has taken on an increasingly visible role in providing trade capacity-building assistance around the world.

- **Developmental Impact:** Through PART, USTDA adopted a series of measurement criteria focused on: 1) infrastructure improvements; 2) the adoption of market-oriented reform; 3) human capacity-building; and 4) the transfer of advanced technology or increased productivity. Implemented USTDA-funded projects are evaluated based on results in all four categories.
- **The Hit Rate:** The hit rate consists of the proportion of USTDA activities that produce U.S. exports. Currently, USTDA's hit rate is 35 percent, meaning that 35 percent of USTDA activities resulted in U.S. exports.
- **The Export Multiplier Ratio:** The export multiplier ratio measures U.S. exports associated with foreign projects that USTDA has assisted relative to the amount invested in USTDA activities. Currently, USTDA's export multiplier is over 35, meaning that the Agency's projects have resulted in U.S. companies exporting more than 35 dollars in goods and services for every 1 dollar of USTDA funds invested.

CLIENT RESOURCES

INTERNET — WWW.USTDA.GOV

USTDA's website provides comprehensive information on its program, current business opportunities, upcoming events, completed reports, Agency news, and recent publications.

REQUESTS FOR PROPOSALS (RFP)

USTDA posts RFP announcements about current business opportunities with the Agency and its overseas grant recipients on the Federal Business Opportunities (FBO) website at www.fbo.gov. Links to the FBO postings are available on USTDA's website at www.ustda.gov. RFP packages may be requested electronically via USTDA's website.

ON-LINE CONSULTANT DATABASE

Many USTDA activities are reserved exclusively for small businesses. Small U.S. businesses interested in being considered for contracting opportunities with USTDA can register with the Agency's On-line Consultant Database on the Agency's website. Businesses should also register with the U.S. Government's Central Contractor Registration website at www.ccr.gov.

LIBRARY

The library maintains final reports of USTDA activities and can provide details on purchasing copies of completed studies, which may also be available through the National Technical Information Services

at www.ntis.gov. Requests for library reports can be made by sending an e-mail to library@ustda.gov.

BUSINESS CENTER

USTDA hosts briefings for U.S. firms on overseas procurement opportunities in its Business Center, adjacent to the USTDA library.

PUBLICATIONS

The Agency has a printed quarterly newsletter and a biweekly *eNewsletter* to provide information about USTDA activities and events. A free subscription to the *eNewsletter* is available on USTDA's website. Requests for copies of printed publications can also be made via the Agency's website.

QUESTIONS ABOUT USTDA

General inquiries about USTDA's program can be made by calling (703) 875-4357, sending a fax to (703) 875-4009 or an e-mail to info@ustda.gov, or completing the Contact Form on the Agency's website.

To contact USTDA's program staff, send an e-mail to your region of interest:

- East Asia: East_Asia@ustda.gov
- Europe and Eurasia: Europe_Eurasia@ustda.gov
- Latin America and the Caribbean: LAC@ustda.gov
- Middle East and North Africa: MENA@ustda.gov
- South and Southeast Asia:
South_Southeast_Asia@ustda.gov
- Sub-Saharan Africa: Africa@ustda.gov

SUMMARY OF FY 2008 PROGRAM ACTIVITIES

FY 2008 BASIC STATISTICS

Program Budget: **\$46.48 million**

# of Activities*	260
# of Projects**	198
# of Countries	66

* In some cases, more than one USTDA activity during the covered fiscal year supported the same project.

** The majority of USTDA activities involve projects that have not received USTDA support in prior fiscal years.

USTDA ACTIVITIES

By Type and Number of Activities

	2006		2007		2008	
DM/Desk Studies	99	36.9%	95	39.4%	110	42.3%
Feasibility Studies	40	14.9%	43	17.8%	41	15.8%
Orientation Visits	19	7.1%	31	12.9%	24	9.2%
Technical Assistance	91	34.0%	63	27.8%	67	25.8%
Trade-Related Training	7	2.6%	3	1.2%	3	1.1%
Conferences	12	4.5%	0	0.0%	13	5.0%
Other	0	0.0%	1	0.8%	2	0.8%
Totals	268	100%	236	100%	260	100%

USTDA ACTIVITIES

By Value of Obligations

	2006		2007		2008	
DM/Desk Studies	\$1,991,956	4.1%	\$1,846,201	4.0%	\$3,098,054	6.6%
Feasibility Studies	\$14,686,222	30.4%	\$18,843,510	41.1%	\$18,505,719	39.8%
Orientation Visits	\$2,225,761	4.6%	\$5,165,388	11.3%	\$3,754,900	8.1%
Technical Assistance	\$25,198,438	52.2%	\$18,424,377	40.2%	\$17,148,527	36.9%
Trade-Related Training	\$2,162,508	4.5%	\$1,533,100	3.3%	\$1,620,445	3.5%
Conferences	\$2,026,598	4.2%	\$0	0.0%	\$2,319,743	5.0%
Other	\$0	0.0%	\$34,508	0.1%	\$30,527	0.1%
Totals	\$56,954,664	100%	\$45,847,084	100%	\$46,477,915	100%

USTDA ACTIVITIES BY ECONOMIC SECTOR

By Number of Activities

	2006		2007		2008	
Agribusiness	7	2.6%	7	2.9%	8	3.1%
Energy & Power	50	18.6%	68	28.2%	49	18.8%
Human Resources	6	2.2%	1	0.4%	3	1.2%
Manufacturing	10	3.7%	2	0.8%	6	2.3%
Mining & Natural Resources	19	7.0%	2	0.8%	15	5.8%
Multi-Sector & Other	34	12.6%	28	11.6%	39	15.0%
Services	38	14.1%	22	9.1%	27	10.4%
Telecommunications	21	7.8%	30	12.4%	32	12.3%
Transportation	55	20.5%	51	21.2%	62	23.8%
Water & Environment	28	10.4%	30	12.4%	19	7.3%
Totals	268	100%	241	100%	260	100%

FY 2008 USTDA PROGRAM FUNDS

By Region

	Core Budget	*Additional Funds	Total Funds
East Asia	\$6,059,847		\$6,059,847
Europe and Eurasia	\$3,367,080	\$5,712,293	\$9,079,373
Latin America and the Caribbean	\$9,319,113		\$9,319,113
Middle East and North Africa	\$4,974,455		\$4,974,455
South and Southeast Asia	\$8,589,331		\$8,589,331
Sub-Saharan Africa	\$8,150,385		\$8,150,385
Multi-Regional	\$305,411		\$305,411
Total	\$40,765,622	\$5,712,293	\$46,477,915

* USTDA receives transfers from other agencies to advance particular programs of priority importance.

FY 2008 USTDA ACTIVITIES BY REGION

By Number of Activities

	# of Activities	Percentage
East Asia	28	10.8%
Europe and Eurasia	51	19.6%
Latin America and the Caribbean	54	20.8%
Middle East and North Africa	35	13.5%
South and Southeast Asia	47	18.1%
Sub-Saharan Africa	42	16.1%
Multi-Regional	3	1.1%
TOTALS	260	100%

* Table reflects USTDA regional reorganization implemented on October 1, 2007

FY 2008 USTDA ACTIVITIES BY REGION

By Funding Levels

	Total	Percentage
East Asia	\$6,059,847	13.0%
Europe and Eurasia	\$9,079,373	19.5%
Latin America and the Caribbean	\$9,319,113	20.1%
Middle East and North Africa	\$4,974,455	10.7%
South and Southeast Asia	\$8,589,331	18.5%
Sub-Saharan Africa	\$8,150,385	17.5%
Multi-Regional	\$305,411	0.7%
Total	\$46,477,915	100%

* Table reflects USTDA regional reorganization implemented on October 1, 2007

USTDA ACTIVITIES BY ECONOMIC SECTOR

By Value of Obligations

	2006		2007		2008	
Agribusiness	\$1,088,512	2.2%	\$1,145,211	2.5%	\$991,010	2.1%
Energy & Power	\$11,513,223	23.8%	\$13,890,947	30.3%	\$10,948,326	23.5%
Human Resources	\$228,405	0.4%	\$153,878	0.3%	\$752,387	1.6%
Manufacturing	\$2,639,830	5.5%	\$320,320	0.7%	\$1,704,019	3.7%
Mining & Natural Resources	\$2,824,187	5.8%	\$74,992	0.2%	\$2,307,483	5.0%
Multi-Sector & Other	\$2,608,517	5.4%	\$2,833,933	6.2%	\$3,567,543	7.7%
Services	\$7,350,139	15.2%	\$4,426,520	9.6%	\$3,327,051	7.2%
Telecommunications	\$3,308,777	6.8%	\$6,519,226	14.2%	\$6,050,674	13.0%
Transportation	\$11,764,814	24.3%	\$10,064,025	22.0%	\$12,449,410	26.8%
Water & Environment	\$4,965,079	10.2%	\$6,418,032	14.0%	\$4,380,012	9.4%
Totals	\$48,291,483	100%	\$45,847,084	100%	\$46,477,915	100%

FY 2008 ACTIVITIES LISTED BY REGION

COUNTRY	TITLE	ACTIVITY	U.S. FIRM	CITY	STATE	FUNDS OBLIGATED
EAST ASIA						
China	USTDA Projects Coordinator	Technical Assistance	US Foreign Commercial Service	Washington	DC	168,164
China	Intellectual Property Rights Training Program	Technical Assistance	Mark Goins	San Francisco	CA	2,958
China	Chongqing Intelligent Transportation Systems (ITS)	Desk Study	Transportation & Economic Research Associates, Inc.	Sterling	VA	2,950
China	Hospital Accreditation	Desk Study	World Development Group	Bethesda	MD	3,000
China	GE Aircraft Engine Procurement	Training	General Electric Company	Cincinnati	OH	560,000
China	GE Aircraft Engine Procurement	Desk Study	Montgomery Consulting Group, Inc.	Winter Park	FL	1,000
China	MOFCOM E-Government Capacity Program	Orientation Visit	Business Council for International Understanding	New York	NY	10,050
China	Water Monitoring Information Technology (IT)	Orientation Visit	Global Marketing & Communications	Boston	MA	41,621
China	Government Procurement Technical Cooperation Initiative	Technical Assistance	American Chamber of Commerce in China Fund	Wilmington	DE	128,000
China	Airport Emergency Management	Orientation Visit	Millennium Science and Engineering, Inc.	Chantilly	VA	213,716
China	Emissions Reduction Projects	Definitional Mission	Enviromation Incorporated	Spotsylvania	VA	39,861
China	Shandong Flue Gas Denitrification	Feasibility Study	RTI International	Research Triangle Park	NC	600,000
China	Clean Coal/Clean Energy Technology Projects	Definitional Mission	U.S. Power Consult	Maywood	NJ	48,000
China	Healthcare IT	Orientation Visit	Business Council for International Understanding	New York	NY	261,457
China	Power Plant Emissions Monitoring and Control	Orientation Visit	Global Marketing and Communications	Arlington	MA	205,667
China	Legal Advisory Assistance Anti-Monopoly Law	Technical Assistance	U.S. Chamber of Commerce	Washington	DC	327,400
China	Legal Advisory Assistance Anti-Monopoly Law	Technical Assistance	U.S. Department of Commerce	Washington	DC	172,600
China	Rural ICT Network Pilot	Desk Study	Martin Morell	New York	NY	4,700
China	Rural ICT Network Pilot	Feasibility Study	MediaG3, Inc.	San Jose	CA	593,398
China	U.S.-China Aviation Cooperation Program Phase IV	Desk Study	Montgomery Consulting Group, Inc.	Maitland	FL	8,000
China	U.S.-China Aviation Cooperation Program Phase IV	Technical Assistance	American Chamber of Commerce in China Fund	Wilmington	DE	842,677
China	U.S.-China Aviation Cooperation Program Phase IV	Technical Assistance	Federal Aviation Administration	Washington	DC	183,208
China	Shenyang Small Boiler Emissions Reduction Pilot	Feasibility Study	Fuel Tech, Inc.	Warrenville	IL	662,000
China	Cold Chain System Projects	Definitional Mission	SPI USA, Inc.	Washington	DC	48,853
China	2009 U.S.-China Aviation Summit	Technical Symposium	American Association of Airport Executives	Alexandria	VA	290,691
China	Earthquake Aftershock Prediction and Landslide Monitoring	Technical Assistance	U.S. Geological Survey	Reston	VA	198,330
Mongolia	Railway Development	Feasibility Study	Transportation & Economic Research Associates, Inc.	Sterling	VA	391,549
Regional East Asia	Project Analyst	Technical Assistance	Michael L. Davies	Arlington	VA	49,997

TOTAL FOR EAST ASIA

\$ 6,059,847

EUROPE AND EURASIA

Afghanistan	Housing and Mortgage Program	Desk Study	McKittrick & Associates, Inc.	Oakton	VA	7900
Afghanistan	Housing and Mortgage Program Phase I	Feasibility Study	International Home Finance and Development, LLC	Aurora	CO	195,000
Azerbaijan	SSPF Pension Program Development	Technical Assistance	Selection in progress			600,000
Azerbaijan	Gas Transit	Definitional Mission	Appropriate Energy Management, Inc.	West Jefferson	OH	88,746
Azerbaijan	SOCAR Environmental Management	Definitional Mission	Millennium Science & Engineering, Inc.	Chantilly	VA	39,937
Bosnia & Herzegovina	Broadband Metropolitan Network	Technical Assistance	Pythia International Inc.	Halifax	VA	183,281
Bulgaria	Information and Communications Technology	Definitional Mission	Pythia International Inc.	Halifax	VA	31,450
Bulgaria	Carbon Sequestration	Definitional Mission	Constant Group, LLC	Maywood	NJ	45,000
Czech Republic	Synthesis Remediation	Desk Study	RKR Enterprises	Rego Park	NY	3,000
Georgia	Coal Projects	Definitional Mission	MT Energy Associates	Vienna	VA	37,000
Georgia	Coal Bed Methane/Coal Mine Methane (CBM/CMM)	Feasibility Study	Advanced Resources International, Inc.	Fairfax	VA	540,000
Georgia	American Hospital in Tbilisi	Feasibility Study	Medeq International, LLC	Oakland Gardens	NY	428,000
Latvia	Air Traffic Management System—Advanced Modernization Program	Feasibility Study	Selection in progress			690,170
Lithuania	Liquefied Natural Gas (LNG) Import Terminal	Feasibility Study	Science Applications International Corp.	McLean	VA	826,501
Poland	Warsaw and Gdansk Integrated Municipal Emergency Management System	Feasibility Study	Winbourne & Costas, Inc.	Washington	DC	171,167
Romania	Transeletrica Substation Improvement—Final Deliverable Review	Desk Study	Brooks Howell and Co, LLC	Pungoteague	VA	3,000
Romania	Telecommunications Commercialization	Desk Study	Pythia International Inc.	Fairfax	VA	3,000
Romania	National Emergency Management System	Desk Study	James T. Reilly	Red Bank	NJ	1,500
Romania	National Emergency Management System—Review of Proposed Changes	Desk Study	Martin Morell	New York	NY	4,700
Romania	Integrated Network for Education and Technologies	Desk Study	Global Resources, Inc.	Irvine	CA	5,000
Romania	Next Generation Network Infrastructure for Emergency Management	Feasibility Study	Telcordia Technologies, Inc.	Piscataway	NJ	700,000
Romania	LNG Import Terminal	Feasibility Study	Selection in progress			1,061,975
Russia	M-Ring Project	Desk Study	Global Resources, Inc.	Irvine	CA	7,000
Russia	Internet Portal for Government—Documentation Review	Desk Study	Global Resources, Inc.	Irvine	CA	3,000
Serbia	Grant Translation	Technical Assistance	Transperfect Translations International, Inc.	New York	NY	36,658
Tajikistan	Electric Power Sector	Definitional Mission	Moseley Horizon, Inc.	Washington	DC	45,000
Tajikistan	Electric Power Sector	Feasibility Study	Selection in progress			875,378
Tajikistan	Electric Power Sector	Technical Assistance	U.S. Department of State	Washington	DC	4,000
Tajikistan	Telecommunications Sector	Definitional Mission	Washington Strategic Advisors, LLC	Washington	DC	44,956
Turkey	Information and Communications Technology	Orientation Visit	Koepfen, Elliott & Associates, Ltd.	Washington	DC	200,400
Turkmenistan	Oil and Gas Training	Training	Koepfen, Elliott & Associates, Ltd.	Washington	DC	785,445
Turkmenistan	Modernization of the Petrochemical Sector	Definitional Mission	Intratech, Inc.	McLean	VA	34,825
Turkmenistan	Modernization of the Petrochemical Sector	Technical Assistance	RussTech Language Services, Inc.	Tallahassee	FL	3,000
Turkmenistan	Information and Communications Technology	Orientation Visit	MFM Group, Inc.	Miami	FL	246,778
Uzbekistan	Water Management, Irrigation and Land Reclamation	Desk Study	Eurasia Environmental Associates, LLC	Westfield	NJ	1,000
Reg1 Europe/Eurasia	USTDA Program Development	Technical Assistance	USTDA Program Staff	Washington	DC	102,798
Reg1 Europe/Eurasia	Trans Caspian Pipelines—Contractor Selection	Technical Assistance	Intratech, Inc.	McLean	VA	51,136
Reg1 Europe/Eurasia	Emergency Management and Emergency Response Technologies Conference	Technical Symposium	Business Council for International Understanding	New York	NY	108,777
Reg1 Europe/Eurasia	Romania and Lithuania LNG/LPG Import Terminal	Definitional Mission	RKR Enterprises	Rego Park	NY	44,250

FY 2008 ACTIVITIES LISTED BY REGION

COUNTRY	TITLE	ACTIVITY	U.S. FIRM	CITY	STATE	FUNDS OBLIGATED
Reg ¹ Europe/Eurasia	E112 Desk Study	Desk Study	James T. Reilly	Red Bank	NJ	3,000
Reg ¹ Europe/Eurasia	Expanding Healthcare Facilities	Definitional Mission	OMMA Healthcare, LLC	Rollinsville	CO	59,930
Reg ¹ Europe/Eurasia	Central and South Asia Regional Conference	Desk Study	Martin Morell	New York	NY	3,000
Reg ¹ Europe/Eurasia	Latvia and Croatia Aviation Sector	Definitional Mission	Montgomery Consulting Group	Maitland	FL	39,800
Reg ¹ Europe/Eurasia	Black Sea LNG project	Definitional Mission	Jensen Associates	Weston	MA	69,208
Reg ¹ Europe/Eurasia	Waste Water Treatment	Definitional Mission	Millennium Science & Engineering, Inc.	Chantilly	VA	69,997
Reg ¹ Europe/Eurasia	Waste Water Treatment	Definitional Mission	U.S. Department of State	Washington	DC	12,514
Reg ¹ Europe/Eurasia	Central and South Asia Regional Aviation Forum	Technical Symposium	American Association of Airport Executives	Alexandria	VA	114,633
Reg ¹ Europe/Eurasia	Central and South Asia Regional Aviation Forum—Travel	Technical Assistance	U.S. Department of State	Washington	DC	107,500
Reg ¹ Europe/Eurasia	Euro 2012 Airports	Orientation Visit	The Louis Berger Group, Inc.	Washington	DC	239,071
Reg ¹ Europe/Eurasia	Project Analyst	Technical Assistance	Karl M. Von Brauchitsch	Washington	DC	49,996
Reg ¹ Europe/Eurasia	Project Analyst	Technical Assistance	Michael DeRenzo	Arlington	VA	49,996

TOTAL FOR EUROPE AND EURASIA

\$ 9,079,373

LATIN AMERICA AND THE CARIBBEAN

Brazil	Administrative Data Center in the State of Minas Gerais	Definitional Mission	Hellerstein and Associates	Washington	DC	29,998
Brazil	Aviation Sector	Definitional Mission	QED Airport & Aviation Consultants	Amelia Island	FL	44,967
Brazil	PROAERO Small Airports Network Program Expansion Plan	Technical Assistance	Selection in progress			241,000
Brazil	Environmental Sector Opportunities	Definitional Mission	AJGB International Incorporated	Bellevue	WA	54,581
Brazil	Surface Transportation	Definitional Mission	Hernan E. Pena, Jr.	Charleston	SC	51,475
Brazil	Information and Communications Technology	Definitional Mission	Hellerstein and Associates	Washington	DC	34,995
Brazil	Acre Statewide Broadband Project	Feasibility Study	Selection in progress			573,853
Brazil	Oil and Gas Sector Opportunities	Definitional Mission	Merklein & Associates, Inc.	Washington	DC	35,000
Brazil	Marginal Oil Fields Regulatory Officials	Orientation Visit	Meridian International Center	Washington	DC	42,984
Brazil	State of Minas Gerais Datacenter Project	Feasibility Study	Selection in progress			425,000
Chile	Ports ITS	Desk Study	TERA International Group, Inc.	Sterling	VA	3,000
Chile	Ventanas Smelter Heat Recovery System	Desk Study	Don Beesley	Erie	CO	3,000
Chile	Ventanas Smelter Heat Recovery System	Feasibility Study	Selection in progress			422,000
Chile	Geothermal Power	Orientation Visit	Millennium Science & Engineering, Inc.	Chantilly	VA	16,065
Chile	Aerospace Systems, Facilities, and Safety and Security Improvements	Definitional Mission	Travis Design Associates, Inc.	Lexington	SC	34,987
Chile	Balmaceda Airport Modernization Master Plan	Feasibility Study	Selection in progress			351,200
Chile	Development of Digital Trunking Technology	Desk Study	Martin Morell	New York	NY	7,650
Chile	Renewable Energy	Orientation Visit	Millennium Science and Engineering, Inc.	Chantilly	VA	147,956
Chile	Air Navigation Technologies	Technical Assistance	Selection in progress			980,000
Colombia	Magdalena River Coal Transport	Desk Study	James McCarville	Pittsburgh	PA	6,000
Colombia	Ports Sector Safety and Security	Definitional Mission	Leonard Sugin C. E.	New York	NY	65,000
Colombia	Mobile and Handheld Technologies	Orientation Visit	Meridian International Center	Washington	DC	112,970
Colombia	Manizales and Medellin Transportation Projects	Definitional Mission	Hernan E. Pena, Jr.	Charleston	SC	64,055
El Salvador	Master Plan and Infrastructure Opportunities	Definitional Mission	CORE International	Washington	DC	50,000
El Salvador	Northern Zone Development and Investment Plan	Technical Assistance	Alwang, Elias & Partners, LLC	Blacksburg	VA	345,000
El Salvador	Northern Zone Development and Investment Plan—Travel	Technical Assistance	World Travel Service	Arlington	VA	1,328
El Salvador	Northern Zone Trade Facilitation Portal	Technical Assistance	Selection in progress			372,800
El Salvador	Northern Zone Trade Facilitation Portal—Travel	Technical Assistance	World Travel Service	Arlington	VA	1,047
El Salvador	Chalatenango Municipal Infrastructure and Commercial Zone Development	Technical Assistance	ARD, Inc.	Burlington	VT	500,000
Haiti	Jatropha Biodiesel Development Project—Phase I	Feasibility Study	Selection in progress			292,010
Honduras	Housing Market Securitization Program	Desk Study	Domus A.D., LLC	New York	NY	7,000
Jamaica	Air Jamaica Privatization	Desk Study	Travis Design Associates, Inc.	Lexington	SC	3,000
Jamaica	Air Jamaica Privatization—Corporate and Regulatory Support	Technical Assistance	Hughes Hubbard & Reed LLP	New York	NY	480,000
Jamaica	Air Jamaica Privatization—Support and Performance Improvement Consultancy	Technical Assistance	Simat, Helliessen & Eichner Inc.	Cambridge	MA	340,180
Jamaica	Waste-to-Energy	Orientation Visit	Global Marketing and Communications	Arlington	MA	82,808
Mexico	Agricultural and Rural Bank Officer Training	Desk Study	The Peoples Group	Arlington	VA	1,000
Mexico	CFE Environmental Management	Technical Assistance	Selection in progress			640,500
Mexico	CFE Environmental Remediation	Technical Assistance	Selection in progress			328,050
Mexico	Puerto Penasco Water Desalination Facility	Feasibility Study	W.L. Bouchard & Associates, Inc.	Scottsdale	AZ	369,325
Mexico	Puebla International Airport Expansion	Feasibility Study	Selection in progress			245,580
Mexico	Queretaro International Airport Expansion	Feasibility Study	Selection in progress			263,900
Mexico	San Luis Potosi International Airport Runway Expansion and Modernization	Feasibility Study	Post, Buckley, Schuh & Jernigan, Inc.	Tampa	FL	243,300
Mexico	Ensenada International Airport Development	Desk Study	Travis Design Associates, Inc.	Lexington	SC	7,500
Panama	Transportation Sector Projects	Desk Study	Travis Design Associates, Inc.	Lexington	SC	3,000
Peru	Digital Television and Mobile Communications Standards	Orientation Visit	Technical Resources International, Inc.	Bethesda	MD	143,401
Peru	Express Shipments Immediate Release Guidelines APEC Demonstration Project	Desk Study	Management Options, Inc.	Washington	DC	7,500
Trinidad & Tobago	Regional Air Cargo and Aircraft Maintenance Hub	Feasibility Study	Simat, Helliessen & Eichner Inc.	Cambridge	MA	390,572
Regional LAC	CARICOM Customs Modernization Initiative	Definitional Mission	Management Options, Inc.	Washington	DC	39,940
Regional LAC	Project Analyst	Technical Assistance	Heather Lanigan	Washington	DC	49,993
Regional LAC	Caribbean Energy Sector Development	Definitional Mission	GreenMax Capital Advisors	Brooklyn	NY	50,000
Regional LAC	Mining Sector Opportunities	Definitional Mission	Densert Energy, Inc.	Oceanside	CA	64,968
Regional LAC	Waste-to-Energy in Brazil, Jamaica and Panama	Definitional Mission	Constant Group, LLC	Maywood	NJ	60,250
Regional LAC	DR-CAFTA Telecommunications Regulatory Workshop	Technical Symposium	Technical Resources International, Inc.	Bethesda	MD	147,563
Regional LAC	Aerodrome Certification Program	Definitional Mission	QED Airport & Aviation Consultants	Amelia Island	FL	39,863

TOTAL FOR LATIN AMERICA AND THE CARIBBEAN

\$ 9,319,113

COUNTRY	TITLE	ACTIVITY	U.S. FIRM	CITY	STATE	FUNDS OBLIGATED
MIDDLE EAST AND NORTH AFRICA						
Algeria	Photovoltaic Water Pumping and Rural Electrification—Review of Work	Desk Study	Enviromation Incorporated	Spotsylvania	VA	3,000
Algeria	Port of Algiers Container Terminal	Desk Study	Planning Systems International	Seattle	WA	2,500
Egypt	Cairo-Aswan Vessel Traffic Management—Review of Work	Desk Study	Leonard Sugin C. E.	New York	NY	3,000
Egypt	Information and Communications Technology	Definitional Mission	Global Resources, Inc.	Irvine	CA	62,119
Egypt	Alexandria Styrene Plant	Feasibility Study	Selection in progress			434,268
Egypt	Integrated Sugarcane and Ethanol Plant in Kalabasha Valley	Feasibility Study	Agland Investment Services	Larkspur	CA	172,754
Egypt	Gas-to-Liquids Project in El Hamra	Desk Study	Intratech, Inc.	McLean	VA	7,000
Egypt	Ganoub el Wadi Geologic Setting	Desk Study	MT Energy Associates	Vienna	VA	5,000
Egypt	ICT Modernization of Egypt Air Maintenance and Engineering	Technical Assistance	Selection in progress			443,474
Egypt	Cold Chain System	Desk Study	Intratech, Inc.	McLean	VA	3,000
Egypt	Railways Sector	Technical Assistance	The Louis Berger Group, Inc.	Washington	DC	155,310
Egypt	Railways Sector	Desk Study	William F. Hennessey Transportation	Exeter	NH	2,000
Iraq	Rail Development—Executive Summary Translation	Technical Assistance	TechTrans International, Inc.	Houston	TX	7,404
Iraq	Agriculture Sector	Definitional Mission	Interdisciplinary Research Consultants/IdRC	Westerville	OH	49,995
Iraq	Oil Training Program—Management—Medical Reimbursement	Other	Telecom/Telematique	Washington	DC	545
Jordan	Power Sector	Definitional Mission	Interdisciplinary Research Consultants/IdRC	Westerville	OH	49,624
Jordan	Smart Card Technology	Technical Assistance	Selection in progress			410,083
Jordan	Smart Card Technology	Desk Study	Network Dynamics Associates, LLC	Weston	CT	2,000
Jordan	Water Sector	Orientation Visit	Global Marketing and Communications	Arlington	MA	189,452
Morocco	Information and Communications Technology	Definitional Mission	Martin Morell	New York	NY	37,570
Morocco	Data Mgmt, Investment Promotion in Upstream Petroleum, Mineral Development	Desk Study	Intratech, Inc.	McLean	VA	4,000
Morocco	Data Mgmt, Investment Promotion in Upstream Petroleum, Mineral Development	Technical Assistance	Selection in progress			331,581
Morocco	Cold Chain Improvement	Definitional Mission	Interdisciplinary Research Consultants/IdRC	Westerville	OH	49,997
Morocco	Cold Storage Needs for Palm Dates	Technical Assistance	Selection in progress			531,810
Morocco	Electric Power Sector	Desk Study	Tusk, LLC	Washington	DC	1,000
Morocco	ONEP GIS System	Technical Assistance	Selection in progress			385,876
Morocco	ONEP GIS System	Technical Assistance	US Foreign Commercial Service	Washington	DC	1,010
Regional MENA	Jordan and West Bank Information and Communications Technology	Definitional Mission	Network Dynamics Associates, LLC	Weston	CT	56,615
Regional MENA	Project Analyst	Technical Assistance	Tareq Bremer	Falls Church	VA	49,996
Regional MENA	Cold Chain	Orientation Visit	The Peoples Group	Arlington	VA	268,391
Regional MENA	Morocco and Tunisia Ports Sector	Definitional Mission	Telematics Engineering	Reston	VA	39,987
Regional MENA	West Bank Information and Communications Technology	Definitional Mission	Network Dynamics Associates, LLC	Weston	CT	75,000
Regional MENA	West Bank Internet Data Center	Feasibility Study	Selection in progress			412,093
Regional MENA	West Bank Marble and Stone Orientation Visit	Orientation Visit	Koepfen, Elliott & Associates, Ltd.	Washington	DC	246,375
Regional MENA	West Bank WiMax Network	Technical Assistance	Selection in progress			480,626
TOTAL FOR MIDDLE EAST AND NORTH AFRICA						\$ 4,974,455
SOUTH AND SOUTHEAST ASIA						
Cambodia	Energy Sector	Definitional Mission	Intratech, Inc.	McLean	VA	39,677
Cambodia	Oil and Gas Resource Management Training and Orientation Visit	Technical Assistance	Koepfen, Elliott & Associates, Ltd.	Washington	DC	359,293
India	Global Navigation Satellite System	Orientation Visit	Elan International, LLC	Wheaton	MD	101,829
India	HPCL Asset Integrity Management Project	Technical Assistance	Tech Corr	Houston	TX	628,926
India	Midstream and Downstream Oil and Gas Regulation	Technical Assistance	National Association of Regulatory Utility Commissioners	Washington	DC	348,339
India	Lignite/Petrol Residue to Synthetic Crude Conversion	Desk Study	MT Energy Associates	Vienna	VA	3,000
India	Lignite/Petrol Residue to Synthetic Crude Conversion	Feasibility Study	Headwaters International, LLC	Minneapolis	MN	600,000
India	CBM/CMM Clearinghouse	Technical Symposium	BCS, Inc.	Laurel	MD	104,901
India	Air Traffic Flow Management Seminar	Technical Symposium	Elan International, LLC	Wheaton	MD	127,917
India	Air Traffic Flow Management Seminar	Technical Symposium	Federal Aviation Administration	Washington	DC	23,786
India	CNS/ATM Transition Plan	Feasibility Study	Innovative Solutions International	Vienna	VA	503,252
India	Nimbri Lignite Mining Development	Feasibility Study	Gustavson Associates	Boulder	CO	256,142
India	HPCL Refinery Bottoms Upgradation	Feasibility Study	Kellogg Brown & Root, Inc.	Houston	TX	597,882
India	Offshore Oil and Gas Safety	Technical Assistance	Minerals Management Service	Washington	DC	180,578
India	BPCL Asset Integrity Management	Technical Assistance	Selection in progress			370,000
India	Standard and Conformity Assessment Program	Desk Study	Allen F. Johnson & Associates	Washington	DC	3,000
India	Standard and Conformity Assessment Program	Technical Assistance	American National Standards Institute	Washington	DC	535,300
India	USTDA Country Representative	Technical Assistance	U.S. Department of State	Washington	DC	220,137
Indonesia	Papua Ethanol Production	Desk Study	Energy Markets Group	Washington	DC	4,950
Philippines	Mining Sector	Orientation Visit	BCS, Inc.	Laurel	MD	2,494
Philippines	Rural Electrification Financing	Desk Study	GreenMax	Brooklyn	NY	7,000
Philippines	Meteorological & Hydrological Telecommunications Network Upgrade Project	Feasibility Study	Selection in progress			381,000
Philippines	e-POEA System Procurement	Desk Study	Martin Morell	New York	NY	6,500
Philippines	IT Applications for Non-Revenue Water Reduction Pilot Project	Feasibility Study	Nobel Systems, Inc.	San Bernardino	CA	219,729
Philippines	Wastewater Treatment Systems & Facility Upgrades for Commercial Users	Feasibility Study	Selection in progress			442,000
Philippines	Rural Electrification Distribution Improvement and Financing	Technical Assistance	National Rural Electric Cooperative Association	Arlington	VA	404,510
Thailand	Traffic Data Collection System	Desk Study	Pena, Herran E., Jr.	Charleston	SC	3,000
Thailand	ITS Corridor to Suvarnabhumi Airport	Technical Assistance	Wilbur Smith Associates	Columbia	SC	25,323
Vietnam	Treasury IT Procurement Plan—Final Report Review	Desk Study	Global Resources, Inc.	Irvine	CA	3,000
Vietnam	Ministry of Finance IT Projects—Hanoi Securities Trading Center	Feasibility Study	Link Development, LLC	Lancaster	PA	56,500
Vietnam	APEC eManifest Demonstration Project Review	Desk Study	Management Options, Inc.	Washington	DC	4,800
Vietnam	CAAV Aviation Safety	Technical Assistance	Robinson Aviation	East Haven	CT	740,413

FY 2008 ACTIVITIES LISTED BY REGION

COUNTRY	TITLE	ACTIVITY	U.S. FIRM	CITY	STATE	FUNDS OBLIGATED
Vietnam	Port Sector	Feasibility Study	SSA Marine	Seattle	WA	148,170
Vietnam	USTDA Projects Coordinator	Technical Assistance	US Foreign Commercial Service	Washington	DC	23,200
Vietnam	Civil Nuclear Power Development Best Practices	Orientation Visit	Energetics Development, Inc.	Columbia	MD	214,384
Reg'l South & SE Asia	Aviation Environmental Best Practices	Orientation Visit	American Association of Airport Executives	Alexandria	VA	179,710
Reg'l South & SE Asia	Asia Business Development Officer	Technical Assistance	Gregory M. Walters			43,827
Reg'l South & SE Asia	Vietnam Aviation Safety (Phases II & III)	Desk Study	Montgomery Consulting Group	Maitland	FL	1,000
Reg'l South & SE Asia	Project Analyst	Technical Assistance	Jesse Jarrett Creasy	Arlington	VA	2,645
Reg'l South & SE Asia	E-Government and ICT Projects	Definitional Mission	Network Dynamics Associates, LLC	Weston	CT	55,000
Reg'l South & SE Asia	Environmental Sector Projects	Definitional Mission	AJGB International Incorporated	Bellevue	WA	74,895
Reg'l South & SE Asia	Project Analyst	Technical Assistance	Samier A. Mansur	Potomac	MD	51,465
Reg'l South & SE Asia	Regional Trade and Development Office	Technical Assistance	U.S. Department of State	Washington	DC	164,050
Reg'l South & SE Asia	Aviation Sector Projects in Indonesia and Philippines	Definitional Mission	CORE International	Washington	DC	54,715
Reg'l South & SE Asia	Flood Forecasting & Early Warning System Projects in Thailand and Vietnam	Desk Study	Network Dynamics Associates, LLC	Weston	CT	12,000
Reg'l South & SE Asia	APEC Aviation New Technologies Workshop II	Technical Symposium	MFM Group, Inc.	Miami	FL	234,092
Reg'l South & SE Asia	APEC Aviation New Technologies Workshop II	Technical Symposium	Federal Aviation Administration	Washington	DC	25,000

TOTAL FOR SOUTH AND SOUTHEAST ASIA

\$ 8,589,331

SUB-SAHARAN AFRICA

Burkina Faso	National ICT Backbone Network	Desk Study	Computer Frontiers, Inc.	Frederick	MD	3,000
Cameroon	Nickel-Cobalt Mining	Technical Assistance	Gustavson Associates, Inc.	Boulder	CO	3,000
Cameroon	Power Sector—Limbe Gas-to-Electricity	Technical Assistance	Selection in progress			695,000
Cameroon	Power Sector—Bini Awarak	Feasibility Study	Selection in progress			662,000
Ethiopia	Tendaho Geothermal Site	Desk Study	Intratech, Inc.	McLean	VA	3,000
Ethiopia	Aluto Langano Geothermal Plant	Desk Study	Intratech, Inc.	McLean	VA	3,000
Ghana	Trade Infrastructure Activities	Definitional Mission	Travis Design Associates, Inc.	Lexington	SC	64,996
Ghana	Agricultural Leasing Development	Technical Assistance	Selection in progress			360,000
Liberia	Transportation Sector	Definitional Mission	Global Business Solutions Incorporated	Silver Spring	MD	54,919
Liberia	Greater Monrovia Fiber Optic Ring	Feasibility Study	Ekohs, Inc.	Herndon	VA	303,000
Mali	Waste-to-Energy	Desk Study	Enviroment Incorporated	Spotsylvania	VA	5,000
Mali	Waste-to-Energy	Feasibility Study	VICA Technologies	Philadelphia	PA	371,000
Mauritius	Land-Based Ocean Industry	Desk Study	The Peoples Group	Arlington	VA	1,000
Mozambique	Luria River Hydropower	Desk Study	CORE International	Washington	DC	3,000
Niger	National ICT Backbone Network	Feasibility Study	Advanced Integrated Technologies Corporation	Washington	DC	442,000
Nigeria	Independent Power Production	Definitional Mission	Akin Aduoluwu and Associates	Chantilly	VA	89,673
Nigeria	Kiri Dam Hydroelectric Power Plant	Feasibility Study	Selection in progress			467,000
Nigeria	Ogun State Sugar Factory	Desk Study	Jennifer Windus	Great Falls	VA	3,000
South Africa	Coega LNG Regasification and Power Generation Project	Orientation Visit	Global Marketing and Communications	Arlington	MA	146,560
Tanzania	Capacity Building for the Energy and Water Utilities Regulatory Authority	Technical Assistance	Selection in progress			623,580
Uganda	Balancing Biofuels and Security	Technical Assistance	Selection in progress			527,280
Zambia	Master Plan for Zambia Airports	Desk Study	Travis Design Associates, Inc.	Lexington	SC	6,000
Zambia	Airports Master Plan	Feasibility Study	Selection in progress			725,050
Reg'l Sub-Saharan Africa	Regional Trade and Development Office	Technical Assistance	U.S. Department of State	Washington	DC	259,958
Reg'l Sub-Saharan Africa	Smart and Secure Trade Lanes Review	Desk Study	Transportation & Economic Research Associates, Inc.			3,000
Reg'l Sub-Saharan Africa	UEMOA Regional Rail Integration	Desk Study	Tusk Financial	Washington	DC	3,000
Reg'l Sub-Saharan Africa	Angola and Ghana Port Sector	Definitional Mission	Garibaldi Consulting Group	McLean	VA	7,000
Reg'l Sub-Saharan Africa	Africa Business Development Manager	Technical Assistance	Douglas M. Shuster			123,174
Reg'l Sub-Saharan Africa	U.S.- Africa Business Summit	Technical Assistance	Corporate Council on Africa	Washington	DC	15,000
Reg'l Sub-Saharan Africa	Project Analyst	Technical Assistance	Nathan Gazzetta	Washington	DC	49,993
Reg'l Sub-Saharan Africa	Project Analyst	Technical Assistance	Jennifer K. Teel	Arlington	VA	54,342
Reg'l Sub-Saharan Africa	West Africa ICT Road Map to Opportunities Conference	Technical Symposium	Business Council for International Understanding	New York	NY	450,934
Reg'l Sub-Saharan Africa	West Africa ICT Road Map to Opportunities Conference—Briefing Book	Technical Symposium	Computer Frontiers	Germantown	MD	84,605
Reg'l Sub-Saharan Africa	Trade Corridor Transportation Initiative (Tanzania, Rwanda, Uganda, and Burundi)	Definitional Mission	Interdisciplinary Research Consultants/IdRC	Westerville	OH	94,131
Reg'l Sub-Saharan Africa	Southern Africa Energy and Power Sector	Definitional Mission	Ronald Robinson	Maplewood	NJ	82,464
Reg'l Sub-Saharan Africa	Aviation and Meteorological Monitoring Activities	Definitional Mission	Airline Capital Associates	New York	NY	143,277
Reg'l Sub-Saharan Africa	East African Community Transportation Sector Policy	Orientation Visit	Koepfen, Elliott & Associates, Ltd.	Washington	DC	248,540
Reg'l Sub-Saharan Africa	Road Construction Planning and Equipment	Orientation Visit	Koepfen, Elliott & Associates, Ltd.	Washington	DC	192,220
Reg'l Sub-Saharan Africa	Aviation Safety and Security	Technical Symposium	MFM Group, Inc.	Miami	FL	462,345
Reg'l Sub-Saharan Africa	Aviation Safety and Security—Briefing Book	Technical Symposium	Montgomery Consulting Group	Maitland	FL	144,500
Reg'l Sub-Saharan Africa	Energy and Power Sector (Malawi, Mauritius, and Benin)	Definitional Mission	The Peoples Group	Arlington	VA	84,884
Reg'l Sub-Saharan Africa	Agricultural Sector (Malawi, Mauritius, and Benin)	Definitional Mission	The Peoples Group	Arlington	VA	84,960

TOTAL SUB-SAHARAN AFRICA

\$ 8,150,386

MULTI-REGIONAL

Multi-Regional	Travel Insurance—USTDA's Short Term Travel Insurance Policy	Other	Travel Insurance Services	Walnut Creek	CA	29,982
Multi-Regional	Executive ICT Training Cooperation Program	Training	U.S. Telecommunications Training Institute	Washington	DC	275,000
Multi-Regional	Funding for Access to the State Department's EAPS System	Technical Assistance	U.S. Department of State			429

TOTAL MULTI-REGIONAL

\$ 305,411

GRAND TOTAL

\$ 46,477,915



KMPG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

The Director
U.S. Trade and Development Agency:

We have audited the accompanying balance sheets of the U.S. Trade and Development Agency (USTDA) as of September 30, 2008 and 2007, and the related statements of net cost, changes in net position, and statements of budgetary resources (hereinafter referred to as "financial statements") for the years then ended. These financial statements are the responsibility of the USTDA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the USTDA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the USTDA as of September 30, 2008 and 2007, and its net costs, changes in net position, and budgetary resources for the years then ended in conformity with U.S. generally accepted accounting principles.

The information in the Management's Discussion and Analysis sections is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

The information in the Other Accompanying Information section is presented for purposes of additional analysis and is not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 14, 2008, on our consideration of the USTDA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audits.

KPMG LLP

November 14, 2008

U.S. TRADE AND DEVELOPMENT AGENCY

BALANCE SHEETS

As of September 30, 2008 and 2007

ASSETS	FY 2008	FY 2007
Intragovernmental:		
Fund balance with Treasury (Note 2)	\$ 108,865,441	\$ 114,883,040
Total intragovernmental	108,865,441	114,883,040
Accounts receivable (Note 3)	405,433	9,428
Other (Note 3)	646,747	4,574,205
General property and equipment, net (Note 4)	277,026	329,857
Total assets	<u>\$ 110,194,647</u>	<u>\$ 119,796,530</u>
LIABILITIES AND NET POSITION		
Liabilities (Note 5)		
Intragovernmental:		
Accounts payable	\$ 82,559	\$ 61,743
Other (Note 5)	541,626	1,703,343
Total intragovernmental	624,185	1,765,086
Accounts payable	7,394,258	7,597,606
Other (Note 5)	794,669	622,476
Total liabilities	8,813,112	9,985,168
Net position:		
Unexpended appropriations	101,098,058	109,796,445
Cumulative results of operations	283,477	14,917
Total net position	101,381,535	109,811,362
Total liabilities and net position	<u>\$ 110,194,647</u>	<u>\$ 119,796,530</u>

See accompanying notes to financial statements.

U.S. TRADE AND DEVELOPMENT AGENCY

STATEMENTS OF NET COST

For the Years ended September 30, 2008 and 2007

	<u>FY 2008</u>	<u>FY 2007</u>
Cost of Operations:		
Grants program costs	\$ 53,777,586	\$ 53,843,261
Less earned revenue	(433,600)	(637,500)
Net grant program cost	53,343,986	53,205,761
Costs not assigned to programs	19,375	392,415
Net cost of operations (Notes 6 & 11)	<u>\$ 53,363,361</u>	<u>\$ 53,598,176</u>

See accompanying notes to financial statements.

U.S. TRADE AND DEVELOPMENT AGENCY

STATEMENTS OF CHANGES IN NET POSITION

For the Years ended September 30, 2008 and 2007

	<u>FY 2008</u>	<u>FY 2007</u>
Cumulative results of operations:		
Beginning balances	\$ 14,917	\$ 141,471
Adjustments:	—	(58,885)
Budgetary financing sources:		
Appropriations used	53,381,708	53,252,543
Other financing sources:		
Imputed financing	250,213	277,964
Total financing sources	53,631,921	53,471,622
Net cost of operations	(53,363,361)	(53,598,176)
Net change	268,560	(126,554)
Ending balances	\$ 283,477	\$ 14,917
Unexpended appropriations:		
Beginning balances	\$ 109,796,445	\$ 110,532,610
Budgetary financing sources:		
Appropriations received	50,400,000	50,431,726
Appropriations transferred in/out	—	5,245,000
Other adjustments (rescissions, etc.)	(5,716,679)	(3,160,348)
Appropriations used	(53,381,708)	(53,252,543)
Total budgetary financing sources	(8,698,387)	(736,165)
Total unexpended appropriations	101,098,058	109,796,445
Net position	<u>\$ 101,381,535</u>	<u>\$ 109,811,362</u>

See accompanying notes to financial statements.

U.S. TRADE AND DEVELOPMENT AGENCY
STATEMENTS OF BUDGETARY RESOURCES

For the Years ended September 30, 2008 and 2007

	FY 2008	FY 2007
Budgetary resources:		
Unobligated balance, brought forward, October 1	\$ 9,739,038	\$ 9,258,596
Recoveries of prior year unpaid obligations	11,569,605	5,100,492
Budget authority:		
Appropriations	50,400,000	50,431,726
Spending authority from offsetting collections:		
Collected	433,600	639,890
Change in unfilled customer orders		
Advance received	(433,600)	(637,500)
Nonexpenditure transfers	—	5,245,000
Permanently not available:		
Cancellation of expired accounts	(5,308,439)	(3,160,348)
Enacted reductions	(408,240)	—
Total budgetary resources	<u>\$ 65,991,964</u>	<u>\$ 66,877,856</u>
Status of budgetary resources:		
Obligations incurred:		
Direct (Note 7)	\$ 58,562,314	\$ 57,138,818
Unobligated balance available:		
Apportioned (Note 8)	3,368,390	7,725,135
Unobligated balance not available	4,061,260	2,013,903
Total status of budgetary resources	<u>\$ 65,991,964</u>	<u>\$ 66,877,856</u>
Change in obligated balance:		
Unpaid obligations, brought forward, October 1	\$ 103,953,159	\$ 104,638,355
Obligations incurred	58,562,314	57,138,818
Less: Gross outlays	(49,968,286)	(52,723,522)
Less: Recoveries of prior years' obligations	(11,569,605)	(5,100,492)
Obligated balance, net - end of the period (Note 9)	<u>100,977,582</u>	<u>103,953,159</u>
Net Outlays:		
Gross outlays	\$ 49,968,286	\$ 52,723,522
Less: Offsetting collections	—	(2,390)
Net outlays	<u>\$ 49,968,286</u>	<u>\$ 52,721,132</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2008 and 2007

(1) Summary of Significant Accounting Policies

(a) Description of Reporting Entity

The U.S. Trade and Development Agency (USTDA or the Agency) is an independent U.S. government agency administered under the authority of Section 661 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. §2421).

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.

The organization was established on July 1, 1980 as the U.S. Trade and Development Program (TDP) by delegation of authority as a component of the International Development Cooperation Agency (IDCA). In 1988, under the Omnibus Trade and Competitiveness Act, the organization was a separate component agency of IDCA. On October 28, 1992, the Jobs Through Exports Act of 1992 established USTDA as an independent agency under the foreign policy guidance of the Secretary of State.

(b) Basis of Presentation

These financial statements have been prepared to report the financial position, net costs, changes in net position, and budgetary resources of USTDA, as required by its authorizing legislation (Public Law 102-549, Title II). These financial statements include all activity related to USTDA's appropriation (No. 11-1001) and reimbursable interagency agreements, whereby USTDA receives transfers from other federal agencies for use in specific regions or sectors.

(c) Budgets and Budgetary Accounting

Congress annually adopts a budget appropriation that provides USTDA with authority to use funds from the U.S. Treasury to meet operating and program expense requirements. All revenue received from other sources, except for appropriations transferred from other federal agencies and transfers received under reimbursable interagency agreements, must be returned to the U.S. Treasury.

(d) Basis of Accounting

USTDA's Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position are prepared using the accrual method of accounting. This method requires recognition of the financial effects of transactions, events, and circumstances in the period(s) when those transactions, events, and circumstances occur, regardless of when cash is received or paid. USTDA uses budgetary accounting to facilitate compliance with legal constraints and to track its budget authority at the various stages of execution, including commitments, obligation, and eventual outlay. The Statement of Budgetary Resources is prepared using budgetary accounting methods.

The standards used in the preparation of the accompanying financial statements are issued by the Federal Accounting Standards Advisory Board, which are accounting principles generally accepted in the United States of America.

(e) Revenue and Other Financing Sources

During FY 2008, USTDA received a two-year appropriation to be used for program and administrative expenses, which is available for obligation through September 30, 2009. These funds were issued in accordance with Section 611 of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2008 ("The Act"). The Act allows funds that were initially obligated prior to their expiration, to remain available for re-obligation for an additional 4 years from the date on which the availability of such funds would otherwise have expired.

NOTES TO FINANCIAL STATEMENTS

September 30, 2008 and 2007

Funds transferred from the U.S. Agency for International Development for Support for East European Democracy Act (SEED), Economic Support Funds (ESF), and the Freedom Support Act (FSA) during FY 2002-2005, are available for reobligation in the manner described in the preceding paragraph. SEED, ESF, and FSA funds for FY 1999-2001 that were initially obligated prior to their expiration remain available for re-obligation until expended.

Appropriations are recognized as a financing source at the time they are authorized and apportioned. Appropriations used to fund grant activities and administrative expenses are recognized as expenses and revenues as the resultant related expenses are incurred.

(f) Fund Balance with Treasury

USTDA does not maintain cash in commercial bank accounts. The U.S. Treasury processes cash receipts and disbursements. The balance of funds with Treasury primarily represents appropriated funds that are available to pay current liabilities and finance authorized purchase commitments relative to goods or services.

(g) Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. USTDA capitalizes property and equipment with an acquisition cost greater than \$5,000 and useful life exceeding one year. Depreciation is calculated based on an estimated useful life of 10 years for all assets, except computer equipment and software, which is depreciated over 5 years. Leasehold improvements are amortized over the estimated period of occupancy or the life of the improvement, whichever is less. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

(h) Liabilities

Liabilities represent amounts owed by USTDA as the result of transactions or events that have occurred as of September 30, 2008. Liabilities for which Congress has not appropriated funds are classified as liabilities not covered by budgetary resources (e.g., unfunded accrued leave). There is no certainty that Congress will appropriate funds to satisfy this liability. All liabilities other than unfunded accrued leave are considered current liabilities.

USTDA has no capital leases. Regarding its building lease, the General Services Administration (GSA) entered into a lease agreement for USTDA's rental of building space. USTDA pays GSA a standard-level users' charge for the annual rental. The standard-level users' charge approximates the commercial rental rates for similar properties. Average annual rent expense and related charges are approximately \$1.5 million through 2012.

(i) Undelivered Orders

Undelivered orders represent the amount of orders for goods and services outstanding for which funds have been obligated but the liabilities have not been accrued.

(j) Accrued Leave

Annual leave is accrued as a liability as it is earned. The liability is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current year pay rates. To the extent that the current or prior year appropriations are not available to fund annual leave earned, but not taken, funding will be obtained from future appropriations. USTDA's handling of annual leave earned, but not taken is compliant with established regulations. Sick leave and other types of nonvested leave are charged to expense as the leave is used.

(k) Cumulative Results of Operations

Cumulative results of operations represent the difference between net property and equipment and unfunded annual leave, plus the net difference between expenses and financing sources since the inception of an activity.

(l) Retirement Plan

USTDA's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees participating in CSRS contribute 7.0% of their gross pay to the plan, and USTDA contributes 8.51%. The cost of providing a CSRS benefit, which is 25.2% as

NOTES TO FINANCIAL STATEMENTS

September 30, 2008 and 2007

computed by the Office of Personnel Management (OPM), is more than the amounts contributed by USTDA and its employees. In accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 5, Accounting for Liabilities of the Federal Government, USTDA reports the full cost of providing pension benefits to include the cost financed by OPM.

On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983 are automatically covered by FERS and the Social Security Act. Employees hired prior to January 1, 1984 could elect either to join FERS and the Social Security Act or remain in CSRS. A primary feature of FERS is that it offers a savings plan in which USTDA automatically contributes 1% of employees' pay and matches any employee contribution up to an additional 4% of basic pay. For most employees hired since December 31, 1983, USTDA also contributes the employer's matching share under the Social Security Act. For the FERS basic benefit, the employees contribute 0.8% of their basic pay while USTDA contributes 11.2% for a total contribution rate of 12%. The cost of providing a FERS benefit, as computed by OPM is 12%

The total amount of imputed financing for retirement and other post-retirement benefits paid by OPM for FY 2008 is calculated at \$250,213 which includes \$65,061 for pension cost for CSRS and FERS; \$184,440 for the Federal Employees Health Benefit Program (FEHP); and \$712 for Federal Employees Group Life Insurance (FEGLI). These amounts are included in USTDA's FY 2008 financial statements. In FY 2007, OPM funded \$277,964 to pension, health, and life insurance benefits on behalf of USTDA's employees.

The actuarial present value of accumulated benefits, assets available for benefits, and unfunded pension liability of CSRS and FERS is not allocated to individual departments and agencies and is therefore not disclosed by USTDA. The reporting of these amounts is the responsibility of OPM. USTDA has properly computed this amount and recorded a liability for it.

USTDA paid approximately \$404,438, and \$409,197 for retirement system coverage for its employees during FY 2008 and FY 2007, respectively.

(m) Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements. Actual results could differ from these estimates.

U.S. TRADE AND DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

September 30, 2008 and 2007

(2) Fund Balance with Treasury

Fund balance with Treasury represents USTDA's undisbursed budgetary authority and funds to be returned to Treasury at September 30, 2008 and 2007, as follows:

	<u>2008</u>	<u>2007</u>
Fund balances:		
Appropriated funds	\$ 108,328,332	\$ 113,179,697
Miscellaneous Receipts	456,704	1,190,843
Interest received	1,505	—
Other fund types (reimbursable)	78,900	512,500
Total	<u>\$ 108,865,441</u>	<u>\$ 114,883,040</u>
Status of fund balance with Treasury:		
Unobligated balance:		
Available	\$ 3,368,390	\$ 7,725,135
Unavailable	4,061,260	2,013,903
Obligated balance not yet disbursed	100,977,582	103,953,159
Non-budgetary	458,209	1,190,843
Total	<u>\$ 108,865,441</u>	<u>\$ 114,883,040</u>

(3) Receivables and Other Assets

Other assets at September 30, 2008 and 2007 consisted of the following components:

	<u>2008</u>	<u>2007</u>
Interest receivable	\$ 4,517	\$ —
Accounts receivable	400,916	9,428
Advances and prepayments	646,747	4,574,205
Total other assets	<u>\$ 1,052,180</u>	<u>\$ 4,583,633</u>

The accounts receivable reported represent the gross amount of refunds due as a result of the close-out of contractor performance on two grants. There is insufficient history to estimate the amount of funds that may not be collectible. USTDA anticipates collecting all of the funds due.

Advances to contractors represent amounts provided to Multilateral Development Banks (MDBs) for costs related to various project planning activities funded by USTDA. For accounting purposes, these funds were recorded as advances to contractors, and they remain with the MDBs until the work is done and bills are submitted and paid. Advances to the MDBs are liquidated on a first-in, first-out basis. USTDA has implemented procedures to close these accounts. In connection with this closure, USTDA has requested and received a refund in the amount of \$2,730,765 from the European Bank for Reconstruction and Development.

NOTES TO FINANCIAL STATEMENTS

September 30, 2008 and 2007

(4) General Property and Equipment, Net

Recognition and measurement criteria for general property and equipment are dictated by SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, as amended by SFFAS Nos. 11, 16, and 23. USTDA capitalizes property and equipment with an acquisition cost greater than \$5,000 and a useful life exceeding one year. Depreciation expense for the year was \$85,352.

General property and equipment and related accumulated depreciation at September 30, 2008, and 2007 consisted of:

2008	Depreciation method	Service life	Acquisition value	Accumulated depreciation/amortization	Net book value
Computer Equipment	Straight-line	5 years	\$ 293,930	185,126	108,804
Furniture and Fixtures	Straight-line	10 years	180,035	130,757	49,278
Computer Software	Straight-line	5 years	11,721	10,549	1,172
Other Equipment	Straight-line	10 years	228,428	119,517	108,911
Leasehold Improvement	Straight-line	8 years	20,255	11,394	8,861
Total general property and equipment			<u>\$ 734,369</u>	<u>457,343</u>	<u>277,026</u>

2007	Depreciation method	Service life	Acquisition value	Accumulated depreciation/amortization	Net book value
Computer Equipment	Straight-line	5 years	\$ 269,028	146,296	122,732
Furniture and Fixtures	Straight-line	10 years	180,362	119,593	60,769
Computer Software	Straight-line	5 years	11,721	8,205	3,516
Other Equipment	Straight-line	10 years	228,428	96,981	131,447
Leasehold Improvement	Straight-line	8 years	20,255	8,862	11,393
Total general property and equipment			<u>\$ 709,794</u>	<u>379,937</u>	<u>329,857</u>

During FY 2008 and FY 2007, USTDA purchased property and equipment for \$37,254 and \$44,139 respectively. During FY 2008, USTDA disposed of property that cost \$12,679, with accumulated depreciation of \$7,946. \$4,733 was recorded as a loss.

U.S. TRADE AND DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

September 30, 2008 and 2007

(5) Liabilities

Liabilities are recognized when incurred regardless of whether they are covered by available budgetary resources. Total liabilities reported on the financial statements represent the sum of liabilities not covered by budgetary resources, and those covered by budgetary resources.

	<u>2008</u>	<u>2007</u>
Intragovernmental Liabilities:		
Liabilities not covered by budgetary resources:		
Miscellaneous receipts to be returned to Treasury	\$ 456,704	\$ 1,190,843
Interest to be returned to Treasury	6,022	—
Liabilities covered by budgetary resources:		
Deferred revenue	78,900	512,500
Accounts payable	82,559	61,743
Total intragovernmental liabilities	<u>\$ 624,185</u>	<u>\$ 1,765,086</u>
Other Liabilities:		
Liabilities not covered by budgetary resources:		
Accrued annual leave	\$ 394,406	\$ 324,367
Liabilities covered by budgetary resources:		
Accounts payable	7,394,258	7,597,606
Accrued payroll	400,263	298,109
Total other liabilities	<u>\$ 8,188,927</u>	<u>\$ 8,220,082</u>
Total Liabilities	<u>\$ 8,813,112</u>	<u>\$ 9,985,168</u>

(6) Intragovernmental Costs and Exchange Revenue

In FY 2008 and FY 2007, program costs consisted of the following:

<u>Grants Program</u>	<u>2008</u>	<u>2007</u>
Intragovernmental costs	\$ 2,939,944	\$ 2,544,128
Public costs	50,857,017	51,691,548
Total grant program costs	53,796,961	54,235,676
Intragovernmental earned revenue	(433,600)	(637,500)
Net grant program costs	<u>\$ 53,363,361</u>	<u>\$ 53,598,176</u>

All costs incurred by USTDA in FY 2008 and FY 2007 were related to the grants program.

NOTES TO FINANCIAL STATEMENTS

September 30, 2008 and 2007

(7) Apportionment Categories of Obligations Incurred

In FY 2008 and 2007 USTDA obligated funds in the following categories:

Obligations	2008	2007
Category A	\$ 11,992,555	\$ 11,284,459
Category B	46,569,759	45,854,359
Total obligations incurred	\$ 58,562,314	\$ 57,138,818

Category A represents funds that are obligated for operating expenses.

Category B represents funds that are obligated for program activities.

(8) Unobligated Balances Available — Apportioned

USTDA's total available unobligated balance of budget authority at September 30, 2008 and 2007 consisted of the following.

	2008	2007
Unrestricted no-year funds	\$ 325,959	\$ 325,959
Successor appropriations - no-year funds	349,644	1,033,745
Funds transferred from USAID for feasibility studies and related activities in the New Independent States (FSA no-year funds)	782,721	170,412
Total no-year funds	\$ 1,458,324	\$ 1,530,116
Funds transferred from USAID for feasibility studies and related activities in the New Independent States (FSA funds)	—	2,181,157
Funds transferred from USAID for feasibility studies and related activities in Azerbaijan	—	1,000,000
Successor appropriations - multiple year	595,843	94,724
USTDA two-year appropriations	1,314,223	2,919,138
Total unobligated and available appropriations	\$ 3,368,390	\$ 7,725,135

None of these transfers represent allocations from USAID.

(9) Undelivered Orders

USTDA's undelivered orders balances at September 30, 2008 and 2007 consisted of the following:

Purpose	2008	2007
Obligated balance at the end of the period	\$ 100,977,582	\$ 103,953,159
Accounts payable (covered by budgetary resources)	(7,877,080)	(7,957,458)
Undelivered orders	\$ 93,100,502	\$ 95,995,701

Accounts payable in this note excludes liabilities not covered by budgetary resources and deferred revenue.

NOTES TO FINANCIAL STATEMENTS

September 30, 2008 and 2007

(10) Permanent Indefinite Appropriations

USTDA's no-year funds at September 30, 2008 and 2007 existed for the following purposes.

Purpose	2008	2007
General program activities	\$ 325,959	\$ 325,959
Freedom Support Act (FSA) transfer funds for feasibility studies and program activities	782,721	170,412
FSA successor appropriation	349,644	310,022
Support for Eastern European Democracy (SEED) funds successor appropriations	—	723,723
Total permanent indefinite appropriations	\$ 1,458,324	\$ 1,530,116

(11) Reconciliation of Net Cost to Budget

The following schedule reconciles resources available to USTDA to finance operations and the net cost of operating USTDA's programs:

	2008	2007
Resources used to finance activities:		
Budgetary resources obligated	\$ 58,562,314	\$ 57,138,818
Recoveries of prior years obligations	(11,569,605)	(5,100,492)
Imputed financing for costs absorbed by others	250,213	277,964
Other	(391,488)	(9,377)
Total resources used to finance activities	\$ 46,851,434	\$ 52,306,913
Resources used to finance items not part of the net cost of operations:		
Change in budgetary resources obligated for goods and services ordered, but not received	\$ 6,822,657	\$ 1,854,108
Change in offsetting collections and receipts that do not affect the net cost of operations	(433,600)	(637,500)
Resources that finance the acquisition of assets	(37,254)	(44,139)
Loss on disposition of assets	4,733	—
Total resources used to finance items not part of the net cost of operations	\$ 6,356,536	\$ 1,172,469
Costs that do not require resources:		
Depreciation and amortization	\$ 85,352	\$ 80,252
Cost of operations that require resources in future periods:		
Increase in accrued leave liability	70,039	38,542
Total costs that do not require resources	\$ 155,391	\$ 118,794
Net cost of operations	\$ 53,363,361	\$ 53,598,176

U.S. TRADE AND DEVELOPMENT AGENCY

OTHER ACCOMPANYING INFORMATION

INTRAGOVERNMENTAL ASSETS, LIABILITIES, REVENUE, AND EXPENSES

September 30, 2008

INTRAGOVERNMENTAL ASSETS

<u>Trading Partner</u>	<u>Partner #</u>	<u>Fund Balance with Treasury</u>
Department of the Treasury	20	\$ 108,865,441
Total		<u>\$ 108,865,441</u>

INTRAGOVERNMENTAL LIABILITIES

<u>Trading Partner</u>	<u>Partner #</u>	<u>Accounts Payable</u>	<u>Deferred Revenue</u>	<u>Funds to be Returned to Treasury</u>
Department of Defense	21	\$ —	\$ 78,900	—
Department of State	19	76,347	—	—
Department of the Treasury	20	—	—	\$ 462,726
National Archives	88	506	—	—
Office of Personnel Management	24	5,706	—	—
Total		<u>\$ 82,559</u>	<u>\$ 78,900</u>	<u>\$ 462,726</u>

INTRAGOVERNMENTAL REVENUE

<u>Trading Partner</u>	<u>Partner #</u>	<u>Amount</u>
Department of Defense	21	\$ 433,600
Total		<u>\$ 433,600</u>

INTRAGOVERNMENTAL EXPENSES

<u>Trading Partner</u>	<u>Partner #</u>	<u>Amount</u>
Department of Agriculture	12	\$ 785
Department of Homeland Security	70	4,569
Department of the Interior (NBC)	14	1,183,413
Department of State	19	349,949
Department of Treasury	20	450
General Services Administration	47	1,372,040
Office of Personnel Management	24	11,240
National Archives	88	506
U.S. Postal Service	18	16,992
Total		<u>\$ 2,939,944</u>



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Independent Auditors' Report on Internal Control Over Financial Reporting

The Director
U.S. Trade and Development Agency:

We have audited the balance sheets of the U.S. Trade and Development Agency (USTDA) as of September 30, 2008 and 2007 and the related statements of net cost, changes in net position, and statements of budgetary resources (hereinafter referred to as "financial statements") for the years then ended, and have issued our report thereon dated November 14, 2008.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the USTDA is responsible for establishing and maintaining effective internal control. In planning and performing our fiscal year 2008 audit, we considered the USTDA's internal control over financial reporting by obtaining an understanding of the USTDA's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements. To achieve this purpose, we did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*. The objective of our audit was not to express an opinion on the effectiveness of the USTDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the USTDA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the USTDA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the USTDA's financial statements that is more than inconsequential will not be prevented or detected by the USTDA's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the USTDA's internal control.

In our fiscal year 2008 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain additional matters that we have reported to management of the USTDA in a separate letter dated November 14, 2008.

This report is intended solely for the information and use of the USTDA's management, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 14, 2008



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Independent Auditors' Report on Compliance and Other Matters

The Director
U.S. Trade and Development Agency:

We have audited the balance sheets of the U.S. Trade and Development Agency (USTDA) as of September 30, 2008 and 2007, and the related statements of net cost, changes in net position, and statements of budgetary resources (hereinafter referred to as "financial statements") for the years then ended, and have issued our report thereon dated November 14, 2008.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the USTDA is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the USTDA. As part of obtaining reasonable assurance about whether the USTDA's financial statements are free of material misstatement, we performed tests of the USTDA's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, including the provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the USTDA. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our other tests of compliance discussed in the third paragraph of this report, exclusive of those referred to in FFMIA, disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

The results of our tests of FFMIA disclosed no instances in which the USTDA's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

We noted certain additional matters that we have reported to management of the USTDA in a separate letter dated November 14, 2008.

This report is intended solely for the information and use of the USTDA's management, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 14, 2008





U.S. TRADE AND DEVELOPMENT AGENCY

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