

**DEPARTMENT OF THE TREASURY
INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE
2015 REPORT TO CONGRESS**

Section 129 of the Foreign Assistance Act of 1961, as amended, authorizes the establishment of a Department of the Treasury program to provide technical assistance to governments and central banks of developing or transitional countries. This legislation also requires Treasury to prepare and submit this report on the conduct of the Treasury International Affairs Technical Assistance (TIATA) program by Treasury's Office of Technical Assistance (OTA).

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I. Introduction and Executive Summary

“I have seen more appreciation for OTA advisors than I have in many cases for enormously larger sums of direct aid. You know, and it’s been striking to me, that countries we’ve given billions of dollars to have told me the most important thing you did was provide these technical advisors.”

Testimony by Secretary Jacob J. Lew before House Appropriations, Subcommittee on State, Foreign Operations, and Related Programs regarding Treasury’s FY2017 budget request (March 15, 2016)

This report provides an overview of the activities of the Department of the Treasury’s Office of Technical Assistance (OTA) for calendar year 2015. The report includes information on program organization, funding, and the process for selecting and implementing projects, describes changes in the program’s global footprint, and summarizes project-specific highlights.

For 25 years, OTA has helped finance ministries and central banks of developing and transitional countries to strengthen their ability to manage public finances effectively and safeguard their financial sectors. Such assistance is in the U.S. national interest. Strong economic governance regimes support financial sector stability, growth, and the achievement of broader U.S. foreign policy and national security goals. Developing countries that generate more domestic revenue and manage their resources effectively are less dependent on foreign aid. And governments that develop effective financial sector oversight regimes are valuable partners, including in the global effort to combat money laundering and terrorist financing.

In 2015, OTA supported financial sector strengthening in many regions and countries. As discussed in greater detail in section VI, OTA projects in Africa (e.g., Ghana), Asia (e.g., Cambodia), Latin America (e.g., Peru), and the Balkans (e.g., Kosovo) helped mobilize revenues, deepen domestic bond markets, increase infrastructure finance, strengthen budget systems, improve banking supervision, and combat economic crimes.

This report includes a special section (VII) on Treasury’s technical assistance engagement with the West Africa Monetary Union (WAEMU), where the program is helping governments to generate resources through the development and strengthening of government securities markets. In 2015, OTA kicked off the third phase of its WAEMU assistance project with the goal of supporting the establishment of a new government securities agency created by the regional central bank. This important initiative is a good example of the role of debt market development (both national and regional) in support of domestic resource mobilization (DRM). As discussed further in section VII, the Third International Conference on Financing for Development held in Addis Ababa, Ethiopia in July 2015, highlighted the importance of DRM throughout the developing world and the intention of Treasury to strengthen its DRM assistance going forward.

In 2015, OTA also continued its engagement in a number of U.S. national security priority countries. In Ukraine, OTA expanded its work beyond the initial crisis-response assistance that it had undertaken in 2014. OTA has since provided assistance in the following inter-related areas: consolidating and recapitalizing the banking sector; enhancing bank supervision capacity and resolution strategies; improving the government's treasury operations, fiscal transparency, and debt/liability management; increasing infrastructure finance; deterring tax corruption; and addressing administrative weaknesses in revenue collection. These engagements are central to the broader goal of strengthening fiscal and financial transparency, accountability, and effectiveness.

Similarly, following the approval of a framework for capacity building and technical assistance between U.S. Treasury and the Ministry of Finance of Afghanistan in early 2015, OTA reengaged with Afghan authorities in the Ministry of Finance and Central Bank on budgeting, banking supervision, and anti-money laundering and combating the financing of terrorism (AML-CFT) issues. Progress in establishing a more significant and sustained capacity building presence has been hampered by security conditions, which continue to be a major constraint in Afghanistan.

In Somalia, another country facing critical economic and security challenges, OTA developed and is delivering a training program for Central Bank of Somalia (CBS) staff focused on risk-based bank supervision. In 2015, OTA conducted three bank supervision training sessions for CBS staff, with additional training planned in 2016.¹ OTA is focusing its efforts on building basic awareness and familiarity with the fundamentals of risk-based banking supervision. As a result of this training, the CBS's Licensing and Supervision Department successfully completed its required re-licensing reviews of the eight banks currently operating in Somalia by the December 2015 deadline. OTA's work with the Central Bank is seen as fundamental to improving Somalia's financial regulatory and supervisory capacity, including with respect to money transmitters.

OTA continues expanding its strategic partnerships with other U.S. agencies and international financial institutions. In 2015, the program finalized an inter-agency agreement with the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) to assist PEPFAR partner countries in mobilizing, and making more effective and efficient use of, funding to combat HIV/AIDS. Under the partnership, OTA will assist finance ministries to develop sustainable funding options and efficient resource mobilization in order to transition to host country management and financing of anti-HIV programs. Technical assistance will also be provided to health ministries to improve health program budget formulation, execution, and reporting.

OTA is also collaborating with the International Monetary Fund (IMF) and other stakeholders on the roll-out of a new approach to assess the health of a country's tax administration system. Known as the Tax Administration Diagnostic Assessment Tool (TADAT), the method involves identifying the relative strengths and weaknesses in tax administration systems, processes, and institutions, and facilitating a shared view on the

¹ Due to security conditions in Somalia, the training seminars are being held at the Kenya School of Monetary Studies in Nairobi, Kenya.

condition of the system of tax administration among all stakeholders (e.g., country authorities, international organizations, donor countries, and technical assistance providers). In 2015, OTA participated in pilot assessments of TADAT in Rwanda and Uganda and facilitated the first training and certification of U.S. experts in utilizing the tool.

Finally, OTA is a key component of Treasury's international engagement to promote safe, supportive, and enabling policy environments for financial services. OTA works closely with global central banks, finance ministries, and other public sector financial institutions to develop financial inclusion strategies, draft laws and regulations that support financial inclusion objectives, build capacity for supervisors and regulators, and modernize financial infrastructure and government payment systems. The program is currently active in eight countries, with projects in the Americas (Dominican Republic, El Salvador, Guatemala, Paraguay, Peru, Honduras, and Mexico) and Sub-Saharan Africa (Ghana). In 2015, OTA deepened its management and technical staff expertise in financial inclusion to facilitate expansion of its work in this important area.

II. Program Organization and Principles

OTA is organized along functional lines, operating in five major disciplines to assist the governments of developing and transition countries:

- **Revenue Policy and Administration:** Creates more effective tax administrations that simplify procedures to encourage voluntary compliance on the part of taxpayers, effectively uncover tax evasion, and maintain high standards of fairness and transparency.
- **Budget and Financial Accountability:** Strengthens all phases of the governmental budget cycle, including budget formulation, execution, monitoring and reporting, Treasury operations, and evaluation.
- **Government Debt and Infrastructure Finance:** Provides strategic and technical assistance to develop market-based means of public finance through the issuance of domestic government securities; increases the efficiency of government debt management; implements comprehensive debt strategies that diversify sources of finance, reduce liability risk and lower debt service burdens; strengthens enabling environments for private investment; and accelerates the development of financially sound infrastructure projects.
- **Banking and Financial Services:** Supports the development of strong financial sectors in which institutions are well-regulated, stable and accessible, serve as efficient intermediaries between savers and investors, and are resistant to criminal activity.
- **Economic Crimes:** Assists the development and implementation of AML-CFT financing regimes that are compliant with international standards.

In providing technical assistance, OTA follows a number of guiding principles:

- **OTA supports self-reliance.** OTA provides countries with the knowledge and skills required to move towards financial self-sufficiency—including the capability to generate and better manage their own government finances—and to reduce dependence on international aid. OTA generally follows a three- to five-year project cycle that is aimed at creating maximum impact and exiting when local capacity has been created.
- **OTA is selective.** OTA works with governments that are committed to reform—reform that they design and own—and to using U.S. assistance effectively. Among U.S. agencies involved in foreign aid, OTA was singled out for praise in a report commissioned by the U.S. Department of State and U.S. Agency for International Development (USAID) for supporting country ownership; achieving alignment with host country priorities; managing for development results; and fostering mutual accountability with host country officials. OTA does not engage with a country without a signed bilateral Terms of Reference that sets out the high-level terms and aims of the engagement, followed by a tactical-level work plan specifying activities in support of those aims.
- **OTA works side-by-side with counterparts.** OTA engagements are based on close interaction between advisors and working-level partners, whether in a finance ministry, central bank, financial intelligence unit, tax administration, or other relevant

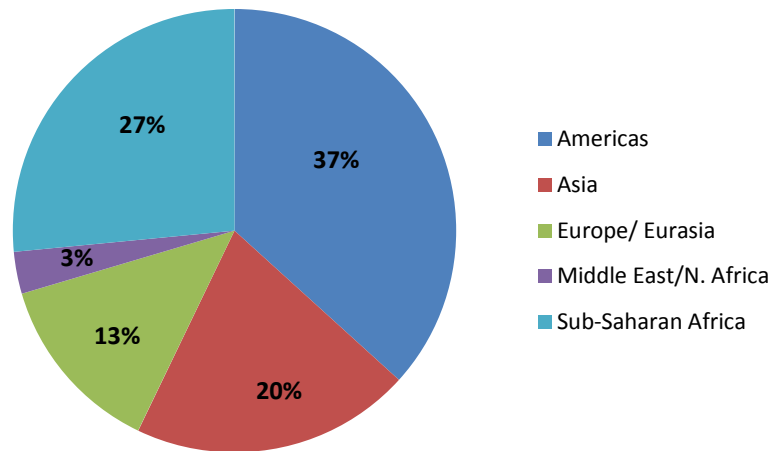
government agency. OTA advisors introduce sound practices in daily work routines through ongoing mentoring and on-the-job training.

III. Project Allocation and Funding

As of the end of 2015, OTA had 100 projects in 43 countries. Thirty-seven percent of OTA’s total projects in 2015 were in the Americas, 27 percent in Sub-Saharan Africa, 20 percent in Asia, 13 percent in Europe and Eurasia, and three percent in the Middle East and North Africa (*see chart below*).

While the specific number of projects and countries fluctuates from year to year, OTA has focused on providing more in-depth assistance to fewer countries. This selective approach recognizes the complex, systemic nature of public financial management and the importance of engaging with a counterpart government in various disciplines in a coordinated way to achieve more convincing results and a stronger overall system. For example, over the past year OTA initiated four projects in Ukraine to address simultaneously reforms in in the areas of revenue policy and administration, debt management, budget, infrastructure finance, and banking and deposit insurance.

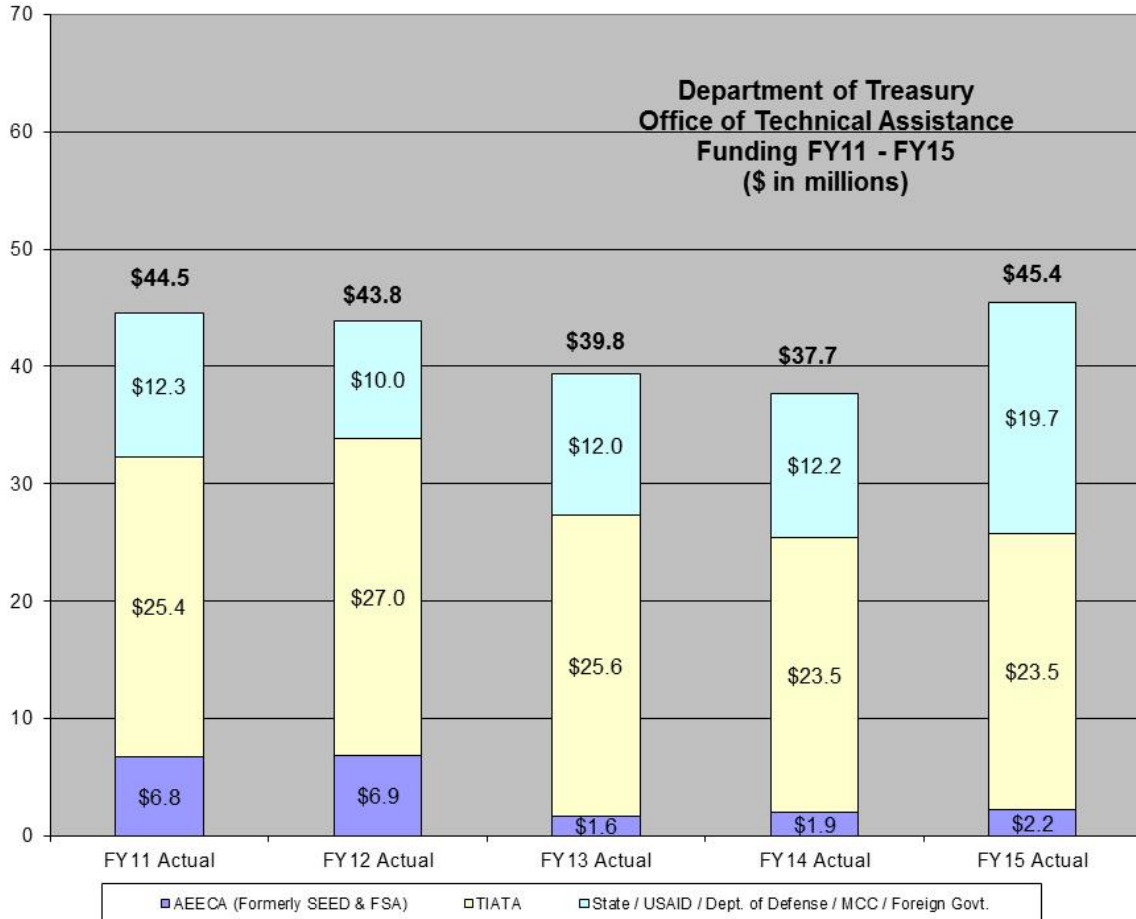
Chart 1 - OTA Projects by Region 2015



OTA received total funding of \$45.4 million in 2015, including funds directly appropriated to the program and transfers from other U.S. agencies. Seventy-nine projects, with a combined budget of \$38.2 million, were financed either wholly or partly by OTA’s direct annual appropriation, formally known as “Treasury International Affairs Technical Assistance” or TIATA. TIATA is a multi-year appropriation, which allows OTA to fund projects through a combination of new and carryover funds.

As the chart below indicates, TIATA is the single largest resource available to OTA for pursuing its mission. In addition to TIATA funding, OTA receives resources from other agencies, such as the U.S. Department of State, United States Agency for International Development, the Millennium Challenge Corporation, and host country governments.

Chart 2 - OTA Funding by Source FY 2011-FY 2015



Notes

1. FY11 and FY12 Assistance for Europe, Eurasia and Central Asia (AEECA) figures include multi-year funding for certain projects.
2. FY12 TIATA figure includes \$1.552 million Overseas Contingency Operations (OCO) funding.
3. FY13 TIATA figure includes \$1.473 million OCO funding. Both TIATA and OCO amounts were subject to sequester.
4. Details may not add to totals due to rounding.

Tables A and B at the end of this report provide additional data regarding the allocation of OTA funding sources in 2015, including funds received as transfers.

IV. Project Selection and Assistance Delivery

Two of the most frequently asked questions about OTA’s work are: “How are projects selected?” and “How is assistance delivered?” As described further below, project selection is a process that typically begins with a request for Treasury technical assistance

and is informed by a careful assessment of a project’s potential for impact and success. Assistance is delivered via a resident or intermittent advisor-based project model, or a combination of both. Project documentation – in particular agreed Terms of Reference and progress reports – is a vital part of the assistance architecture.

Receiving and Assessing Requests. Requests for technical assistance and information regarding potential projects come from many sources, including U.S. embassies, USAID missions, other Treasury offices, foreign governments, and international organizations such as the IMF, as well as from OTA advisors already on the ground implementing other projects.

For promising requests that are determined to be within the OTA mandate, an on-the-ground assessment is carried out by OTA subject matter experts. Assessment conclusions are shared with the partner government and the U.S. embassy in the host country. OTA looks to its host-country counterparts to define project goals from the outset. Experience shows that goals and objectives that are not “owned” by the counterpart are seldom achieved.

A project proposal based on the assessment is submitted by the manager of one of OTA’s five core disciplines to the OTA Director and Deputy Assistant Secretary for Technical Assistance Policy. Decisions to begin new projects or continue (or terminate) existing projects, are based on criteria and considerations that include: the need for technical assistance; evidence of counterpart commitment to reform and good use of assistance; whether the project would complement other projects in a particular country or region; the relation of the project to Treasury’s policy priorities and broader U.S. Government goals; and the availability of funding. In the course of assessing the prospects for a given project, OTA consults with other Treasury offices, and other partners and stakeholders such as the U.S. Department of State and USAID (in the field, at the embassy level and at the headquarters level in Washington), the IMF, and the World Bank.

Assistance Delivery Models. OTA carries out technical assistance through two basic delivery models: a resident advisor-based project and an intermittent advisor-based project. A resident advisor-based project is anchored by an expert advisor living in the counterpart country, typically for a period of several years, and working side-by-side with officials in the ministry of finance, central bank, tax administration authority or other government institution. Treasury has found that working directly with the counterpart over a sustained period of time is critical for transferring knowledge and strengthening systems, especially in countries where government capacity is very limited. In addition to a resident advisor, a resident project frequently includes the participation of intermittent OTA experts in specialized areas who make short-term visits.

For an intermittent advisor-based project, a group of several advisors typically spends a total of 30 to 45 weeks per year over several years, in periods of two to three weeks at a time, working with host-country counterparts. Between these multi-week direct engagements, the counterparts are expected to carry out planned activities that are directed toward the objectives stated in a mutually-agreed-upon work plan. Between

trips, advisors and counterparts are in frequent contact by email and phone. OTA often hires a permanent, full-time program assistant in-country to support the intermittent project.

Whether a resident or intermittent advisor-based project model is selected depends on the extent and nature of the problems to be solved, and the most practical solutions to those problems. Typically one resident advisor will be utilized to cover a single large subject area, such as program budgeting or debt management, that will require several years to complete. An intermittent advisor-based project will use several advisors to cover a multitude of specialized assistance topics, such as audits, arrears collection and strategic planning in tax administration, or financial intelligence unit development, techniques of financial analysis, investigation and prosecution, or asset management, seizure and forfeiture.

Project Documents. Once a resident or intermittent project is selected for funding, Terms of Reference (TOR) are worked out with the counterpart agency and signed. The TOR describe the broad goals of the project and represent a bilateral understanding at the policy level between OTA and the host institution. Within a short period (normally six to eight weeks) after signing the TOR, a detailed work plan is agreed upon between the advisor assigned to the project and the working-level counterpart. This plan specifies objectives, planned completion dates and deliverables, and is the primary basis for regular monthly progress reports to Treasury headquarters.

The monthly reports are shared with counterpart institutions, U.S. embassy staff, other bureaus and offices in Treasury, and other interested partners such as USAID, the Millennium Challenge Corporation, and the relevant International Financial Institutions. The reports are used as a management tool to oversee the progress of the project and to make any necessary changes. The reports also form the information base for responses to project queries from U.S. Government officials. In addition, supervising officials conduct field visits to meet counterparts and advisors and review the project's progress. Such visits and reviews are conducted, generally, on an annual basis.

V. Program Evaluation and Monitoring

One of the most important managerial functions in any assistance program is to monitor and evaluate individual projects and the overall program. OTA evaluates projects using a variety of methods, including on-site evaluations by OTA managers, written monthly reports prepared by advisors that describe progress on work plan objectives, and end-of-project reports which provide a final assessment of project outcomes. End-of-project reports are undertaken by an OTA expert other than the project implementer, and are conducted typically within three to six months following the end of the project. The purpose is to better understand the program's longer-term impact. OTA completed seven end-of-project reports in 2015.

OTA also utilizes a formal project evaluation to measure project performance. The evaluation focuses on the level of "traction" (the degree to which changes in behavior

occur—*e.g.*, officials take an active and participative role in pursuing change, interim deliverables are on or ahead of schedule), and “impact” (the extent to which the objectives are actually achieved) for each technical assistance project. The level of traction and impact is measured by OTA advisors and headquarters staff according to specific indicators that are relevant to each of the five OTA financial disciplines. For example, revenue team indicators include adoption of modern functional processes and procedures, and adequacy of investigation and adjudication of internal conduct matters by the tax agency. The outcome of the evaluation process informs OTA’s understanding of the effectiveness of program engagements, and may include steps either to improve traction and impact, or, in cases where traction and impact are lacking, to terminate projects. The setting of annual baseline targets and measuring results against those targets are done in accordance with Office of Management and Budget guidance on program evaluations.

For 2015, the baseline targets for OTA’s traction and impact were set, using a 5-point scale (with 5 representing the highest possible traction and impact), at 3.6 and 3.1, respectively. OTA’s performance goal for traction was exceeded in 2015 with an actual score of 3.8, while the actual score for impact was 2.9, below the target but consistent with the program’s historical averages.

In addition to the traction and impact evaluation, OTA surveys country counterparts (policy and working-level counterparts in the host country) who have worked first-hand with OTA advisors. The survey is valuable as it provides direct feedback from those directly impacted by the program who have an interest in receiving high quality technical assistance, and who in many cases have a basis for comparing OTA assistance with that of other providers. In 2015, OTA received 59 survey responses covering projects in 23 countries. The results indicate that, within the respondent countries, project objectives are being met and assistance is making an important contribution to strengthening institutional capacity.

VI. Achievements

In 2015, OTA partner countries made significant achievements across all five areas of public financial management and financial sector strengthening in which OTA is involved. Notable accomplishments include the following:

Revenue Policy and Administration

Burma Overhauls Large Taxpayer System Leading to Significant Revenue Increases. In 2015, Burma made strides in a move from a labor intensive system of administrative assessment of taxes to a modern system based on taxpayer self-assessment. Such a system is more efficient and reduces opportunities for corruption. OTA assisted a workgroup in developing clear and concise tax forms and instructions, which reflect the information needed for large taxpayers to self-assess their tax liability and also for the tax administration to determine which returns should be selected for audit. OTA also provided on-the-job training for auditors emphasizing standardized

procedures, managerial oversight, and limiting information requests to minimize taxpayer burden. Between the first two quarters of fiscal year 2015, income tax revenue increased over 400 percent and commercial tax revenue over 200 percent. By the first filing deadline under the self-assessment system, June 30, 2015, 95 percent of large taxpayers were filing on time. Ongoing audits are having a ripple effect with taxpayers voluntarily submitting amended returns, in some cases increasing revenue by a factor of 10.

Cambodia Increases Arrears Collection by 40%. Utilizing procedures and reports developed with OTA assistance, the Cambodian tax administration's collection of past due payments jumped by 40% to \$53 million in 2015 compared to the previous year. Assistance included developing effective and transparent standardized procedures for installment payment agreements and for documenting tax officer visits to taxpayers. New management information reports also track the number of debt cases opened and closed, and the amount collected. Such reports allow management to better analyze the tax arrears inventory and determine actions to be taken. As part of its related public affairs efforts, the tax administration has released to the media the names of large taxpayers owing tax arrears.

Budget and Financial Accountability

Vietnamese Parliament Passes Legislation to Improve Fiscal Transparency. OTA is helping the Vietnamese Ministry of Finance improve its accounting and financial reporting, part of the country's broader push to increase fiscal transparency. In November 2015, the Vietnamese National Assembly voted to amend its Accounting Law to mandate the annual issuance of financial statements for the Whole-of-Government and all spending units in Vietnam. This was a critical and positive step toward enhancing the transparency and accountability of the government's financial reporting. This action follows the June 2015 vote to amend the Budget Law to increase the transparency of Vietnam's budget adoption, execution, and finalization processes. The amended laws require that annual budgets, budget execution and finalization reports, and financial statements be issued and made publicly available at designated times throughout the year as well as at the end of the reporting year. The laws require significant upgrades to accounting and financial reporting infrastructure, which OTA has been working with the Ministry of Finance to improve. Assistance is focused on implementing International Public Sector Accounting Standards and building a transparent and accountable financial reporting infrastructure. Working with counterparts, OTA created templates and user guides for financial statements, provided recommendations on regulations, and conducted seminars to socialize the new practices among spending units.

Paraguay Implements Electronic Payments to Employees and Vendors. OTA is assisting the Ministry of Finance with the modernization of its treasury operations in support of the government's effort to increase transparency and efficiency, and reduce opportunities for corruption. Paraguay has a centralized payment process, used by all agencies within the government, to review and approve payment requests. Paraguayan treasury staff manually process and review 180,000 payment and payroll requests each year. Based on OTA recommendations, Ministry staff designed and implemented a new

module for their financial management system, which allows payment requests to be approved electronically utilizing digital signatures, thus allowing for a paperless process. The new system has dramatically streamlined the approval process, cutting the number of required tasks by 50%.

Government Debt and Infrastructure Finance

Jordan Fulfills Conditions of Bond Issuance. In June 2015, the U.S. Government guaranteed \$1.5 billion of bonds issued in the international markets by the Kingdom of Jordan, allowing the country to fund critical services for its citizens even as it hosts more than 600,000 refugees from the conflict in neighboring Syria. Following the June issuance, OTA provided assistance to the Ministry of Finance in the implementation of two important policy conditions of the bilateral guarantee agreement: 1) issuance of a market-rate bond in the international market within four months of closing the guaranteed bond; and 2) developing a debt management framework (as a complement to the work being done by USAID's Jordan Fiscal Reform activity). With OTA support, Jordan successfully issued \$500 million of non-guaranteed bonds in the international markets, primarily to U.S. and U.K. investors, meeting the first condition. In support of the second agreement condition, OTA is providing continued assistance to the Ministry of Finance to improve its debt management framework and operations.

Peru Improves the Environment for Public Private Partnerships. The Government of Peru is in the process of making significant reforms to the country's Public-Private Partnership (PPP) structuring and procurement processes, including passage of a new PPP law and related regulations. The lack of clear policies in terms of project structuring, contract risk allocation, and government guarantees has hindered the development of PPP projects that meet international best practices and that attract a diverse group of high quality concessionaires. As part of its technical assistance, OTA has assisted the Ministry of Economy and Finance to establish a new unit responsible for evaluating projects, defining government policy, and promulgating laws and regulation. At the end of 2015, a new PPP law was signed and regulations promulgated. OTA is also assisting the Ministry in developing the second phase of regulation that includes standard contract guidance, as well as documents outlining procurement process, risk assignment, and financial structuring. The assistance has helped improve the environment for more viable PPP projects, standardized contracts, and processes that are attractive to local and international investors.

Banking and Financial Services

Kosovo Expands Access to Government Securities Market. OTA assisted the Central Bank of Kosovo (CBK) in changing its regulations to allow insurers to purchase government securities. Previously, government securities were predominately owned by banks, which were reaching their legal limit in holding this type of investment. At the same time, the insurance industry was requesting alternate investment options other than very low interest deposits in banks. OTA assisted the CBK in amending its regulation to allow insurers to use portions of their contributed capital and their excess cash to

purchase government securities. This change allowed banks to sell and transfer some of their securities while the insurance industry obtained a diversified and slightly higher yield investment opportunity. By the third quarter of 2015, the insurance industry had invested 17.3 million euros in Kosovo Treasury securities. Thus, OTA assistance is helping to broaden and deepen Kosovo's securities markets.

Honduras Swiftly Shuts Blacklisted Bank. With OTA support, the Honduras National Banking Commission successfully managed the wind-down of an undercapitalized bank resulting from U.S. designation of the bank and related entities in accordance with the Foreign Narcotics Kingpin Designation Act. OTA quickly deployed three advisors to help the Honduran authorities consider bank resolution options, and subsequently assisted the Banking Commission to implement the liquidation. Initial market uncertainty was overcome, and confidence in the regulators was maintained. OTA continues to support the Honduran authorities' ongoing efforts to improve the legal and regulatory framework to ensure bank resolution actions are more efficient in the future.

Economic Crimes

Ghana Sanctions Banks for Improper Transactions. With OTA support, the Bank of Ghana (BOG) utilized the provisions of its safety and soundness authority to sanction five banks with fines equivalent to \$1.6 million. The BOG applied penalties in response to involvement of the banks in international transactions worth more than \$134 million without having required supporting documentation. Throughout engagement with the BOG, OTA stressed the need for the BOG to use administrative and civil sanctions for violations of AML/CFT requirements. The BOG relied on OTA guidance to update its bank examination manual to incorporate recent international standards, including the risk-based approach, and to strengthen sanctions for non-compliance with AML/CFT obligations.

Cambodia Removed from Anti-Money Laundering Blacklist. Reflecting broad based improvements in its AML/CFT regime, Cambodia was removed from the Financial Action Task Force monitoring process and, separately, was invited to join the Egmont Group of Financial Intelligence Units. OTA played a major role by providing assistance to develop the operational capabilities of Cambodia's Financial Intelligence Unit (FIU). In addition, the FIU and the Supervision Department at the National Bank signed an information sharing and cooperation memorandum of understanding (MOU) regarding the allocation of supervisory responsibilities and coordination of examinations. OTA provided assistance in the drafting of the MOU and worked with both parties to enter into an MOU to resolve ambiguities in the AML Law.

VII. Special Focus: Mobilizing Domestic Resources through Regional Debt Markets

Over the past few years, the concept of domestic resource mobilization (DRM) has received greater attention in the development community. This issue was highlighted at the Third International Conference on Financing for Development held in Addis Ababa, Ethiopia in July 2015. At the conference, donors and partner countries committed to increase attention and funding to help developing countries to enhance domestic revenue

in support of their own development needs.

The goal of DRM is to build a country's capacity to raise and manage its own resources through sound public financial management practices. While DRM efforts often focus on increasing tax collections, OTA has a long history of supporting a systemic approach to domestic resource mobilization across its areas of expertise – whether revenue, budget, debt, or banking.

A critical part of helping governments generate resources is mobilizing capital, particularly in order to finance development projects. One example is OTA's collaboration with the West African Economic and Monetary Union (WAEMU). OTA assistance is helping to integrate and deepen the regional government securities market and develop advanced debt management standards across the WAEMU zone. This is a good example of a truly regional development project.

OTA's engagement with WAEMU began in 2000 and was prompted in part by the decision of the Banque Centrale des Etats de L'Afrique de L'Ouest (BCEAO) – the WAEMU region's central bank – to stop direct lending to the national governments of the WAEMU zone (these include Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo). In support of developing alternate means of government financing, from 2000 to 2005 OTA advisors worked with the BCEAO to establish a basic framework for a government securities market.

This initial work with the BCEAO led directly to the second phase of OTA's debt engagement in West Africa, which began in 2009 with the placement of an advisor at the Ministry of Finance in Dakar. Given that Senegal was among the most politically stable and democratic of all of the WAEMU states, it was a logical locus for a regional effort to develop government securities markets. Also, OTA believed it could become a replicable model for other countries in the region to follow. To this end, the engagement focused on developing technical capacity among Senegalese Ministry of Finance debt managers and assisting with the planning and issuance of government securities.

Over the course of the project there were significant improvements in capacity building among working-level counterparts. Team members strengthened their understanding of the importance of analysis, reflection, and strategy, and learned the importance of planning and flexibility in order to develop a successful government securities market. OTA assisted the Senegalese in the creation of a debt management office, the elaboration of a debt strategy, and the development of a capable middle office. The Senegalese demonstrated progress by issuing a benchmark Eurobond and, more significantly, by developing a financing program that now relies primarily on the regional market to raise West African Franc denominated debt at auction and at longer maturities. Challenges remain – such as improving Ministry of Finance communication with debt market participants – as Senegal assumes a regional leadership role. But, important progress has been made, both by Senegal and on a regional basis, towards responsibly mobilizing domestic and regional resources to meet the substantial need for development funding.

Based in part on the successful bilateral engagement with Senegal, the BCEAO recently requested OTA assistance across the WAEMU zone to help member states mobilize resources through capital markets in order to finance their economic development and spur market expansion. In this third phase of the engagement, OTA is supporting the establishment of a new government securities agency that was created by the BCEAO in acknowledgement of the increasingly important role that the region's debt market will play for member states.

Significant challenges lie ahead. In a region that is skeptical of central authority, OTA is helping a new securities agency – known as the AUT – with a regional mandate to establish a positive and reliable reputation among WAEMU member countries. There is also a need to bridge the diverse needs and capacity levels of the eight member states while contending with their steep budget deficits, significant infrastructure needs, and increasing debt levels. The creation of the AUT and the request for OTA assistance, however, are a strong signal of the BCEAO's commitment to overcoming these challenges and mobilizing capital in West Africa that will serve as an engine for the region's economic growth.

STRATEGIC PLAN 2011-2015
U.S. DEPARTMENT OF THE TREASURY
OFFICE OF TECHNICAL ASSISTANCE

Mission. The mission of the Treasury Department’s technical assistance program, managed by the Office of Technical Assistance (OTA), is to support the development of strong financial sectors and sound public financial management in countries where assistance is needed and there is a strong commitment to reform.

OTA pursues this mission in support of the Treasury Department’s overall mission “to promote the conditions for prosperity and stability in the United States and encourage prosperity and stability in the rest of the world” as well as broader U.S. Government international objectives, such as increasing transparency and accountability, reducing corruption, and strengthening the development of market-based policies and practices.

Vision. OTA aims to build upon its reputation as a high-quality provider of financial sector technical assistance and policy advice. It aims to be recognized as the provider of choice wherever its multi-disciplinary assistance model best addresses country needs and U.S. Government objectives.

The foundation of OTA’s program will continue to reside in five core disciplines— Revenue Administration and Policy, Budget and Financial Accountability, Government Debt and Infrastructure Finance, Banking and Financial Services, and Economic Crimes, complemented by the ability to support other aspects of financial sector strengthening.

Values

- OTA will continue to place the highest priority on capacity building and developing country self-sufficiency.
- OTA exits countries when project objectives are accomplished or if country commitment to reform is not sustained.
- OTA program engagements are distinguished by flexibility, selectivity and responsiveness.
- OTA recognizes that its core strength lies in the dedication, adaptability and expertise of its advisors.

Programmatic Goals

- Encourage depth of engagement and an integrated, multi-discipline approach. Where circumstances warrant, deeper, stronger, more comprehensive engagements may improve the prospects for material impact.
- Encourage an approach that targets geographic regions and common financial or economic problems. Look for opportunities to place advisors in countries with common needs by virtue of location, financial structure (*e.g.*, significant dependence upon donor revenue), or dislocations (*e.g.*, highly affected by extractive industry income).

- Provide specialized multi-discipline programs and rapid response teams to support key U.S. Government priorities.
- Recruit, retain and support a cadre of advisors that manifests OTA's tradition of excellence.
- Continue to strengthen OTA coordination within Treasury and with other parts of the U.S. Government.
- Enhance awareness of Treasury's technical assistance program.
- Ensure that OTA's management systems fully support the achievement of OTA's mission.

Table A**2015 TIATA Budget Execution Plan**

Projects Funded By FY 2015 Treasury International Affairs Technical Assistance (TIATA) Appropriation

	<u>Team</u>	<u>Advisor Category</u>	<u>Co-Financing</u>	<u>TIATA</u>	<u>Total</u>
LATIN AMERICA AND CARIBBEAN					
1 Colombia	RVNU	Project Coordinator + Intermittents	\$ -	\$ 16,000	\$ 16,000
2 Colombia (Infrastructure Finance)	DEBT	Intermittent	\$ -	\$ 335,544	\$ 335,544
3 Costa Rica (Infrastructure Finance)	DEBT	Resident => Intermittent	\$ -	\$ 276,618	\$ 276,618
4 Dominican Republic	BANK	Intermittent	\$ -	\$ 499,663	\$ 499,663
5 Dominican Republic	DEBT	Intermittent	\$ -	\$ 254,054	\$ 254,054
6 Dominican Republic 02	BDGT	Resident	\$ -	\$ 645,679	\$ 645,679
7 El Salvador	BANK	Intermittent	\$ -	\$ 186,342	\$ 186,342
8 El Salvador	BDGT	Resident	\$ -	\$ 787,246	\$ 787,246
9 Guatemala	BDGT	Resident	\$ -	\$ 69,280	\$ 69,280
10 Honduras	CRME	Resident	\$ -	\$ 339,962	\$ 339,962
11 Honduras	DEBT	Resident	\$ -	\$ 600,081	\$ 600,081
12 Paraguay	BDGT	Resident	\$ -	\$ 762,757	\$ 762,757
13 Paraguay	RVNU	Project Coordinator + Intermittents	\$ -	\$ 667,673	\$ 667,673
14 Paraguay (Infrastructure Finance)	DEBT	Resident	\$ -	\$ 670,471	\$ 670,471
15 Peru (Infrastructure Finance)	DEBT	Resident	\$ -	\$ 638,451	\$ 638,451
16 Peru	CRME	Resident	\$ 568,742	\$ 414,468	\$ 983,210
Subtotal Latin America and Caribbean			\$ 568,742	\$ 7,164,289	\$ 7,733,031

	<u>Team</u>	<u>Advisor Category</u>	<u>Co-Financing</u>	<u>TIATA</u>	<u>Total</u>	
ASIA						
17	Afghanistan	BANK	Intermittent	\$ -	\$ 73,045	\$ 73,045
18	Afghanistan	BDGT	Intermittent	\$ -	\$ 120,052	\$ 120,052
19	Afghanistan	CRME	Intermittent	\$ -	\$ 16,915	\$ 16,915
20	Afghanistan	RVNU	Intermittent	\$ -	\$ 15,734	\$ 15,734
21	Burma	RVNU	Resident	\$ 608,110	\$ 1,081,807	\$ 1,689,917
22	Burma	BDGT	Intermittent	\$ -	\$ 305,076	\$ 305,076
23	Cambodia	BANK	Resident + Intermittent	\$ -	\$ 837,196	\$ 837,196
24	Cambodia	RVNU	Project Coordinator + Intermittents	\$ -	\$ 583,737	\$ 583,737
25	Cambodia	CRME	Resident	\$ -	\$ 641,187	\$ 641,187
26	India	BANK	Intermittent	\$ -	\$ 366,649	\$ 366,649
27	Indonesia	BANK	Intermittent	\$ -	\$ 14,630	\$ 14,630
28	Mongolia	BDGT	Resident	\$ -	\$ 651,295	\$ 651,295
29	Mongolia	DEBT	Resident	\$ -	\$ 557,581	\$ 557,581
30	Mongolia	RVNU	Project Coordinator + Intermittents	\$ -	\$ 637,520	\$ 637,520
31	Philippines	BDGT	Resident	\$ -	\$ 330,535	\$ 330,535
32	Philippines	DEBT	Resident	\$ -	\$ 549,670	\$ 549,670
33	Philippines (Infrastructure Finance)	DEBT	Intermittent	\$ -	\$ 327,877	\$ 327,877
34	Philippines	BANK	Intermittent	\$ -	\$ 1,021,317	\$ 1,021,317
35	Southeast Asia (Infrastructure Finance)	DEBT	Resident	\$ -	\$ 365,603	\$ 365,603
36	Vietnam	BANK	Intermittent	\$ -	\$ 10,725	\$ 10,725
37	Vietnam	BDGT	Resident	\$ -	\$ 716,658	\$ 716,658
Subtotal Asia				\$ 608,110	\$ 9,224,809	\$ 9,832,919
MIDDLE EAST AND NORTH AFRICA						
	<u>Team</u>	<u>Advisor Category</u>	<u>Co-Financing</u>	<u>TIATA</u>	<u>Total</u>	
38	Jordan	DEBT	Intermittent	\$ -	\$ 115,000	\$ 115,000
Subtotal Middle East and North Africa				\$ -	\$ 115,000	\$ 115,000

SUB-SAHARAN AFRICA						
39	Angola	DEBT	Resident => Intermittent	\$ -	\$ 474,607	\$ 474,607
40	WAEMU Regional Securities Agency	DEBT	Resident	\$ -	\$ 705,447	\$ 705,447
41	Cabo Verde	CRME	Intermittent	\$ -	\$ 163,037	\$ 163,037
42	Djibouti	BDGT	Resident => Intermittent	\$ -	\$ 741,823	\$ 741,823
43	Ghana 02	BANK	Resident + Intermittent	\$ -	\$ 170,451	\$ 170,451
44	Ghana	BDGT	Resident	\$ 252,000	\$ 329,504	\$ 581,504
45	Ghana	CRME	Intermittent	\$ -	\$ 219,427	\$ 219,427
46	Guinea-Bissau	RVNU	Intermittent	\$ -	\$ 228,328	\$ 228,328
47	Kenya	DEBT	Resident	\$ -	\$ 693,786	\$ 693,786
48	Liberia	RVNU	Project Coordinator + Intermittents	\$ 112,248	\$ 269,108	\$ 381,356
49	Malawi	RVNU	Project Coordinator + Intermittents	\$ -	\$ 458,391	\$ 458,391
50	Niger	RVNU	Project Coordinator + Intermittents	\$ -	\$ 474,469	\$ 474,469
51	Nigeria	BANK	Intermittent	\$ -	\$ 37,623	\$ 37,623
52	Nigeria	RVNU	Project Coordinator + Intermittents	\$ -	\$ 11,610	\$ 11,610
53	Regional East Africa	BANK	Resident + Intermittent	\$ -	\$ 1,806,900	\$ 1,806,900
54	Rwanda and Burundi	DEBT	Resident	\$ -	\$ 660,340	\$ 660,340
55	Rwanda	RVNU	Project Coordinator + Intermittents	\$ -	\$ 487,389	\$ 487,389
56	Senegal / West Africa Regional	DEBT	Full-time TDY	\$ -	\$ 405,945	\$ 405,945
57	Sierra Leone	RVNU	Project Coordinator + Intermittents	\$ -	\$ 493,559	\$ 493,559
58	Tanzania	BDGT	Resident	\$ -	\$ 774,870	\$ 774,870
59	Tanzania	CRME	Intermittent	\$ -	\$ 104,516	\$ 104,516
60	Tanzania (Infrastructure Finance)	DEBT	Resident	\$ 472,884	\$ 765,747	\$ 1,238,631
61	Tanzania	RVNU	Project Coordinator + Intermittents	\$ 320,747	\$ 482,595	\$ 803,342
62	Uganda	BDGT	Resident	\$ -	\$ 764,794	\$ 764,794
63	Uganda	DEBT	Resident + Intermittent	\$ -	\$ 787,823	\$ 787,823
64	Zambia	RVNU	Project Coordinator + Intermittents	\$ -	\$ 706,879	\$ 706,879
Subtotal Sub-Saharan Africa				\$ 1,157,879	\$ 13,218,968	\$ 14,376,847

	<u>Team</u>	<u>Advisor Category</u>	<u>Co-Financing</u>	<u>TIATA</u>	<u>Total</u>
SENIOR ADVISORS					
65 Senior Advisor (AFR/EUR)	BANK		\$ -	\$ 405,732	\$ 405,732
66 Senior Advisor (LAC/MENA)	BANK		\$ -	\$ 335,715	\$ 335,715
67 Senior Advisor (Global Financial Inclusion)	BANK		\$ -	\$ 312,500	\$ 312,500
68 Senior Advisor	BDGT		\$ -	\$ 400,781	\$ 400,781
69 Senior Advisor I	CRME		\$ -	\$ 362,524	\$ 362,524
70 Senior Advisor II	CRME		\$ -	\$ 347,166	\$ 347,166
71 Senior Advisor	DEBT		\$ -	\$ 334,635	\$ 334,635
72 Senior Advisor (Infrastructure Finance)	DEBT		\$ -	\$ 494,041	\$ 494,041
73 Senior Advisor	RVNU		\$ -	\$ 491,664	\$ 491,664
Subtotal Senior Advisors			\$ -	\$ 3,484,758	\$ 3,484,758
	<u>Team</u>	<u>Advisor Category</u>	<u>Co-Financing</u>	<u>TIATA</u>	<u>Total</u>
OTHER FUNDED ACTIVITIES					
74 Cash Management	BDGT	Full-time TDY	\$ -	\$ 431,553	\$ 431,553
75 Deposit Insurance	BANK	Intermittent	\$ -	\$ 634,012	\$ 634,012
76 Global Financial Inclusion	BANK	Full-time TDY	\$ -	\$ 907,777	\$ 907,777
77 Global Financial Stability	BANK	Full-time TDY	\$ -	\$ 283,077	\$ 283,077
78 Global FIU/Financial Crimes Task Force Development	CRME	Intermittent	\$ -	\$ 157,920	\$ 157,920
79 Global AML/CFT Preventative	CRME	Intermittent	\$ -	\$ 312,069	\$ 312,069
Subtotal Other Funded Activities			\$ -	\$ 2,726,408	\$ 2,726,408
GRAND TOTAL			\$ 2,334,731	\$ 35,934,232	\$ 38,268,964

Notes

1. TIATA figures include carryover of prior year TIATA funds.
2. Figures include program management (20% of total).
3. OTA Team abbreviations: BDGT = Budget and Financial Accountability; CRME = Economic Crimes; BANK = Banking and Financial Services; DEBT = Government Debt and Infrastructure Finance; RVNU = Revenue Administration and Policy.

Table B**2015 Non-TIATA Sources of Funding**

Treasury International Affairs Technical Assistance (TIATA)

Purpose	Source	Transfer Category	Amount
Technical Assistance to Government of Ukraine	State	632(b)	\$6,750,000
Technical Assistance to Government of Haiti	State INL/USAID	632(b)	\$2,780,000
Assistance for Europe, Eurasia and Central Asia	State/ European Bank for Reconstruction and Development	632(b)	\$2,566,532
Technical Assistance to Government of Honduras	MCC	632(b)	\$1,571,823
Technical Assistance to the Government of Malawi and Gabon	MCC	632(b)	\$1,542,283
Technical Assistance to Government of Guinea	USAID/STATE	632(b)	\$1,028,932
Technical Assistance to Government of Somalia	State	632(b)	\$980,052
Technical Assistance to the Government of Egypt	USAID	632(b)	\$892,500
Technical Assistance for the Caribbean Basin region	State CBSI	632(b)	\$800,000
Technical Assistance to Government of Guatemala	MCC	632(b)	\$684,745
Technical Assistance to Government of Peru	State INL	632(b)	\$669,114
Technical Assistance to the Government of Tanzania	USAID	632(b)	\$591,105
Technical Assistance to the Government of Malawi	MCC	632(b)	\$374,300
Technical Assistance to MENA	Office of Program Management - Ministry of Interior	632(b)	\$320,898
Technical Assistance to the Government of Ghana	USAID	632(b)	\$315,000
Technical Assistance for Domestic Resource Mobilization	USAID	632(b)	\$100,000
TOTAL			\$21,967,285