

DEPARTMENT OF THE TREASURY
INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE
REPORT TO CONGRESS

for the period
January 1 through December 31, 2004

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 foreign governments and foreign central banks of developing or transitional countries. This legislation requires Treasury to prepare and submit this report on the conduct of the Treasury International Affairs Technical Assistance program.

EXECUTIVE SUMMARY

The Department of the Treasury (Treasury), through its Office of Technical Assistance (OTA), provides comprehensive technical assistance to select countries that are of strategic foreign policy importance to the U.S. Government. Most of these countries are in the process of development or transformation. Others have suffered severe deterioration of their financial institutions as a result of war, civil strife, or prolonged neglect and require serious reform.

OTA services cover a range of public financial management technical assistance focusing on five core disciplines: budget policy and management, financial enforcement, financial institutions policy and regulation, government debt issuance and management, and tax policy and administration. Financial enforcement is addressed through initiatives which combat money laundering, corruption, and the financing of terrorism. Projects may include assisting with the development or revision of laws and regulations, the development of broad strategies, the designing and implementation of financial systems to promote macroeconomic and fiscal stability, and the building of processes for efficient resource allocation, transparency, and sustainable private-sector growth.

The relationship among OTA's five disciplines requires cooperation and mutual support. The cross-disciplinary capability of OTA provides the program with greater flexibility and an increased capacity to respond to broad requests and challenges. Treasury's technical assistance program is able to respond quickly with the placement of experts to deal with crisis situations where extensive financial and institutional rehabilitation must be initiated immediately. For example, during Fiscal Year 2004 OTA fielded advisors in Iraq, Afghanistan, Liberia, and Haiti and also conducted an assessment mission to the West Bank/Gaza.

Treasury International Affairs Technical Assistance (TIATA) funding has grown to be the largest source of OTA resources for pursuing its global mission. OTA selects projects funded by TIATA legislation where such assistance will support democratic governance and economic reform and where it is likely that technical assistance will increase the probability of positive and permanent change. In Fiscal Year 2004 OTA received \$19.0 million from Congress in TIATA funding plus an additional \$4.3 million from other U.S. agencies that co-funded Treasury's TIATA projects. This made it possible for OTA to undertake 42 individual projects in 30 countries.

Since the terrorist attacks on September 11, 2001, Treasury has aggressively addressed issues surrounding the financing of international terrorism by expanding its traditional anti-money laundering program to include asset identification and the tracking of financing for terrorist organizations. OTA Financial Enforcement has the ability to draw expertise from the other four disciplines within OTA, and this synergy allows for a comprehensive approach to financial enforcement.

REPORT

Treasury, through its OTA, provides comprehensive financial technical assistance in countries that are of strategic foreign policy importance to the U.S. Government. OTA is highly selective when identifying nations in which to engage. A number of countries that receive technical assistance from Treasury are in the process of development or transformation, while others have suffered severe deterioration of their financial institutions as a result of war, civil strife, or prolonged neglect and require serious financial reform.

OTA services cover a range of public financial management activities. These include: revenue enhancement, budget policy and administration, banking supervision and regulation, cash management, government debt issuance and management, and initiatives focused on financial system integrity. Financial enforcement addresses such activities as money laundering, financing of terrorism, and corruption. Projects may include assisting with the development or revision of laws and regulations, developing broad strategies, designing and implementing financial systems to promote macroeconomic and fiscal stability, and building processes for efficient resource allocation, transparency, and sustainable private-sector growth. Consistent with the requirements of the Foreign Assistance Act of 1961, sec. 129(b), expert advisors in five core disciplines, working under OTA direction, provide these comprehensive services. The core disciplines are:

- Budget Policy and Management,
- Financial Institutions Policy and Regulation,
- Government Debt Issuance and Management,
- Tax Policy and Administration, and
- Financial Enforcement.

The relationships among the five disciplines are cooperative and mutually supportive. In countries where a serious breakdown of financial institutions has occurred, advisors from all five disciplines may be working simultaneously on a broad front. This is often the case in post-conflict or failed-state engagements. This cross-disciplinary capability of OTA provides the program with flexibility and capacity to respond quickly to challenging and difficult situations. The advisors are experienced experts who work together cooperatively to address complex financial management challenges.

OTA advisors, who are employees of the Treasury, have a high degree of credibility with the ministries to which they are assigned. They function as confidential experts who provide advice, counsel, recommendations, coaching, and professional guidance to help reach the goals set by the countries themselves. At times this may involve helping countries to develop and execute plans to meet requirements of international financial institutions or may focus on carrying out reforms that are initiated by the host government.

OTA selects projects to be funded by TIATA legislation that will support democratic governance and economic reform. In order to increase the likelihood of positive and permanent change, OTA requires Treasury advisors to be linked with policy-level, reform-minded counterpart officials and that Terms of Reference be agreed upon with a recipient country prior to assignment of an advisor. These requirements were forged through experience gained in Treasury's technical assistance work in Eastern Europe and the former Soviet Union. They have proven their utility as OTA has broadened its program geographically to meet challenges in Africa, Asia, and Latin

America, as well as expanded its scope to include combating the financing of terrorism after the September 2001 attacks.

OTA manages its worldwide technical assistance through a staff headquartered in Washington, D.C., and through placement of regional and senior advisors at locations that allow for both quick and economical support. The cost of program management is limited to 15 percent of funds allocated for OTA technical assistance.

Treasury believes that OTA's established reputation for swift response and practical results grows out of its focus on financial management, its adherence to principles established in U.S. law, its integrated approach, its cooperation with other U.S. agencies and international donors, its cadre of expert advisors, and its strong administrative and financial controls.

TIATA GLOBAL OBJECTIVES

The original TIATA legislation called for assistance to governments of developing and transitional countries around the world. It is TIATA funding that makes it possible for OTA to respond to that global mission. Beginning with the initial TIATA appropriation from Congress, Treasury has expanded the reach of its technical assistance operations to include a select and limited number of countries in Asia and Africa, as well as in Central and Latin America. OTA now has primarily focused on these regions, along with the Middle East, where its presence is increasing. Even though OTA has other sources of financial support, TIATA funding has grown to be the single largest resource available to OTA for pursuing its global mission.

Since the inception of TIATA in 1999, OTA has used TIATA resources to provide technical assistance to nearly 50 countries around the world. In Fiscal Year 2004, Treasury advisors worked on 42 TIATA-funded individual projects in 30 countries. Table A attached to this report summarizes the execution of the Fiscal Year 2004 TIATA budget. It shows the countries to which advisors were deployed and the budgeted cost of each project.

In addition to TIATA funding, OTA receives financial resources through the Support for East European Democracy (SEED) Act for work in countries in Eastern and Central Europe and through the Freedom Support Act (FSA) for countries in the former Soviet Union. SEED and FSA funds have been declining at an accelerated pace in recent years as countries have become self-sufficient and U.S. Government technical assistance has no longer been needed.

Table B attached to this report lists the non-TIATA sources of funding received by OTA during Fiscal Year 2004. The funds totaled \$16,698,475 for the period. The figures do not include the final category of funding received by OTA - supplemental appropriations. This funding, which has been used for such countries as Iraq and Liberia, is available only as exceptional needs arise.

FISCAL YEAR 2004 TIATA PROGRAM

Countries and projects for which Fiscal Year 2004 TIATA funds would be used were selected systematically. OTA prepared an initial internal Fiscal Year 2004 financial plan comprised of summary information on projects proposed for funding. The proposals were compiled and submitted by each of OTA's five core disciplines but originated from several sources, including foreign governments, U.S. embassies, USAID missions, and assessment missions conducted by OTA advisors. Among other things, consideration was given to continuing current projects that

demonstrated substantial and measurable results. The Fiscal Year 2004 preliminary financial plan contained nearly 60 proposed projects with an estimated cost of \$28.8 million, an amount well above available resources.

In order to make best use of available funds, Treasury reached out to other sources of funding and in some cases found partners committed to the project objectives and willing to provide co-financing. In this way Treasury was able to implement a technical assistance program larger than it could have undertaken on its own.

OTA then conducted an intensified internal selection process to identify projects with the greatest potential to result in significant reform. These projects were selected for funding while the rest, though meriting serious consideration, were set aside due to a lack of funding. The final results of the project selection process are displayed in Table A, Fiscal Year 2004 Budget Execution Plan. Forty-two separate projects are grouped geographically in the following categories: Latin America and the Caribbean, Africa, Asia, and Eurasia.

In addition to country-specific projects, budgetary allocations were made for senior and regional advisors, global anti-terrorist activities, global information technology assistance in support of combating financial crime, financial enforcement assessment missions, and the OMB rescission.

The final version of the Fiscal Year 2004 Budget Execution Plan consists of \$19 million in TIATA funds leveraged by an additional \$4.3 million contributed by USAID missions and others.

AFRICAN FOCUS

Under the Fiscal Year 2004 Budget Execution Plan, Sub-Saharan Africa continued to be a region of significant focus. Treasury committed \$5.8 million to this region for technical assistance in Fiscal Year 2004, an increase of \$2.5 million over the \$3.3 million committed in Fiscal Year 2003. This amount represented about 30 percent of all funding for TIATA-funded projects. TIATA funds for projects in Sub-Saharan Africa were combined with \$1.9 million of USAID and State Department Economic Support Funds (ESF) to create a combined program budget of \$7.7 million for the region.

Treasury has strong rationale for committing so much of its TIATA resources to the Sub-Saharan region. First, OTA has received a very positive reception from African counterpart institutions. Second, results achieved by these projects have inspired other governments in the region to seek a productive use of Treasury technical assistance. Third, the nature of Treasury's technical assistance – support in the design and operation of national institutions required for the development of successful market-based economies – is in urgent need in these countries.

HIPC CONNECTION

In making TIATA budget allocation decisions, Treasury gives consideration to the Heavily Indebted Poor Countries (HIPC) debt reduction initiative. A major facet of HIPC involves the World Bank's granting of substantial debt forgiveness to highly-indebted poor countries that undertake significant reform of their political and economic systems. Forgiving these debts represents a substantial investment by the U.S. Government and the other members of the

international community in the future success of these countries. For this reason, it is appropriate that TIATA funding is utilized to support the efforts of HIPC countries in reforming their financial systems and improving their institutions of economic governance. The TIATA program funded assistance to seven African HIPC countries in Fiscal Year 2004 – Chad, Ethiopia, Ghana, Guinea, Tanzania, Uganda, and Zambia. In addition, Fiscal Year 2004 TIATA resources funded tax technical assistance to Honduras and government debt management assistance to Nicaragua, both HIPC countries in Central America.

FISCAL YEAR 2004 ANTI-TERRORIST ACTIVITIES

OTA has implemented financial enforcement projects since 1997, providing technical assistance in combating money laundering, corruption, and other financial crimes. Since the terrorist attacks on September 11, 2001, Treasury has aggressively addressed issues surrounding the financing of international terrorism. As a result, beginning in Fiscal Year 2002, OTA expanded its traditional anti-money laundering programs to include mentoring in asset identification and tracking the finances of terrorist organizations. Currently, OTA financial enforcement projects focus on the development of laws and regulations, policies, and organizations in three primary areas: 1) money laundering, terrorist financing, and other financial crimes; 2) organized crime and corruption; and, 3) the reorganization of, and capacity building for, financial law enforcement entities in developing countries. The goal is to build the capacity of these countries to prevent, detect, investigate, and prosecute complex international financial crimes.

In the past, OTA has found its resident advisors to be very effective, and they are increasingly being used in OTA's financial enforcement projects. OTA financial enforcement assistance was first carried out by intermittent advisors but is now being carried out by resident advisors in Albania, Bulgaria, Paraguay, Peru, Romania, Senegal, Serbia, Ukraine, Zambia, the Philippines, and the Eastern Caribbean. In addition, using global TIATA funds, OTA financial enforcement advisors provided intermittent assistance during 2004 to the governments of Armenia, Azerbaijan, Burkina Faso, Chile, China, Colombia, El Salvador, Ethiopia, Georgia, Haiti, Honduras, Kazakhstan, Kenya, Lesotho, Macedonia, Mongolia, Morocco, Panama, Zambia, Sri Lanka and the Maldives, Tanzania, Thailand, Tunisia, Uganda, Ukraine, Venezuela, and the Western Caribbean countries.

Working either independently or within the context of the U.S. Government inter-agency process, OTA financial enforcement advisors conducted assessment missions in Ethiopia, Lesotho, Morocco, Liberia, Mexico, Costa Rica, Haiti, the Philippines, China, Mongolia, Croatia, Sri Lanka, the Maldives, Kazakhstan, and Kenya. These missions most often have led to positive determinations with respect to the feasibility of undertaking technical assistance. Several countries have requested long-term assistance to build their capacity to address money laundering, improve banking regulations, and create criminal tax divisions.

OTA's Financial Enforcement projects have the flexibility to draw expertise from the other four disciplines within OTA. For example, Budget Policy and Management advisors worked with the Ministry of Finance in Afghanistan to ensure that a transparent budget is maintained for donor reconstruction funds flowing into the country. Financial Institutions Policy and Regulation advisors have been utilized in the Dominican Republic to assist in the resolution of a major bank that was insolvent because of massive insider fraud. Tax Policy and Administration advisors are

employed in the creation of criminal investigation units within the tax services unit in Croatia and in the regulation of gaming industries in other countries.

RECONSTRUCTION AND STABILIZATION INITIATIVES

OTA has become increasingly active in providing assistance to post-conflict countries, as well as failed states. Certain countries suffering from the results of severe natural disasters, such as the tsunami in South Asia, have restructuring and stabilization needs not unlike those in nations weakened by conflict or political instability. In engagements in such countries, OTA has proved itself able to respond quickly with the placement of expert teams into challenging environments.

Iraq and Afghanistan

In addition to its technical assistance efforts financed by the TIATA appropriation in Fiscal Year 2004, OTA received \$29.1 million from the Fiscal Year 2004 supplemental budget to pay for bank modernization projects in Iraq. In both Iraq and Afghanistan, the focus of OTA's work has been on creating sound economic frameworks upon which future growth can be built.

In 2003-2004, the Treasury effort in cooperation with the Coalition Provisional Authority (CPA) aided in the development of an Iraqi central budget, a revitalization of the banking system, the creation of the first ever market-based auction of treasury bills by the Ministry of Finance, assistance with sovereign debt reconciliation, introduction of sound management practices and transparency at the Central Bank and Ministry of Finance, the creation of a trade bank, and a strengthening of efforts aimed at combating financial crimes and terrorist financing. During this period more than sixty advisors were deployed to Iraq for duty spanning from a few weeks to more than a year.

In Afghanistan, Treasury's technical assistance efforts have involved the initiation of a streamlined government budget process, an improvement of the payment system for government salaries, and the creation of the Debt Management Unit for the Ministry of Finance. Two recent Treasury assessment missions in Afghanistan identified additional technical assistance needs that could involve all five OTA disciplines. Deployment of additional advisors is planned for 2005.

Liberia

Treasury's technical assistance to the National Transition Government of Liberia (NTGL) represents a comprehensive approach to improving operational and management capacity within key governmental institutions in Liberia. The main objectives of the engagement are to improve the government's ability to generate revenue via increased tax collection and rationalization of the tax system, create a transparent and sound budget that reflects a measured prioritization of expenditures, document existing debt and establish sound strategies for working cooperatively with creditors, and transform the banking sector into an efficient mechanism for allocating financial resources into productive economic activities. OTA was able to place a team of advisors in Monrovia earlier than other providers of technical assistance, an effort that helped jump-start this U.S. Government initiative.

During Fiscal Year 2004, OTA fielded advisors in Liberia for seven operational areas: 1) an advisor working with the Ministry of Finance (MoF), the Bureau of the Budget, and the Cash Management Committee to aid in improving expenditure decisions and overall management of the government budget; 2) an advisor to work on the improvement of tax administration procedures; 3) an advisor to assist in coping with Liberia's external and domestic debts; 4) an advisor to work on improving banking supervision capacity at the Central Bank of Liberia (CBL); 5) a macroeconomist to advise the CBL on monetary policy issues; 6) an advisor to assist with audit preparation activities and payment/clearing systems; and 7) an advisor to assist in remedying accounting and audit deficiencies within the Forestry Development Authority.

Haiti

OTA was asked to respond to the post-crisis situation in Haiti and rapidly completed a number of assessment missions. OTA Financial Enforcement advisors evaluated the needs of the Ministry of Finance and Ministry of Justice, began efforts to help organize a Haitian task force investigation into the conversion of assets by the prior government, and helped initiate the process of building capacity to conduct financial investigations.

OTA Tax Policy and Administration advisors met with the Minister of Finance, Minister of Justice, and the Narcotics Affairs Section Director to evaluate the tax code and tax administration needs of the Haitian Government. They examined the Haitian tax and customs administrations to determine their capacity to benefit from technical assistance, focusing on improving revenue generation and training tax staff.

OTA Budget Policy and Management advisors will focus on the problems associated with the budget in meeting requirements for expenditures for police and elections, as well as the need for priority social programs. Budget Policy and Management is also prepared to provide assistance on discretionary accounts, fraudulent employment claims, and budget shortfalls.

PROGRAM HIGHLIGHTS

Africa

West Africa:

- OTA Financial Enforcement assisted the members of GIABA (Groupe Intergouvernementale d'Action contre le Blanchiment d'Argent en Afrique – the FATF-style regional body) and ECOWAS (Economic Community Of West African States) in the development and implementation of model anti-money laundering/counter financing of terrorism (AML/CFT) laws in all member countries.
- OTA Government Debt Issuance and Management helped several members of the West African Economic and Monetary Union (WAEMU) to secure initial sovereign credit ratings.

Chad:

- OTA Budget Policy and Management reviewed the status of financial controls over oil revenues. When the review indicated backsliding in these controls, the Chad government requested expanded OTA budget technical assistance to ensure proper accounting and control in the future.

Ethiopia:

- OTA Financial Institutions Policy and Regulation completed a manual of strategies, approaches, and techniques for resolving problem banks.
- OTA Tax Policy and Administration provided assistance with the implementation of procedures and transparency in audit and collection processes and also initiated technical assistance in developing a taxpayer service function.

Ghana:

- OTA Tax Policy and Administration assisted with preparations for the 2006 merger of responsibility for tax and VAT into one organization. It also assisted in reorganizing tax agencies to merge collection activities and consolidate local office authorities.
- OTA Government Debt Issuance and Management advised on the design and introduction of new medium-term government securities to broaden the options for non-bank investors and help lengthen the average maturity of government debt. It assisted in the design and implementation of a cash forecasting system for use in establishing the government's borrowing requirements at each weekly securities auction. It also drafted and helped to implement a Loan and Fiscal Agency Agreement between the Central Bank and the Ministry of Finance that defines the relationship between the two institutions on key issues involving loans from the central bank and the central bank's responsibilities as fiscal agent for the government.

Guinea

- OTA Budget Policy and Management assisted with the institution of new procedures requiring budget office review, analysis, and comment on the executive budget prior to its being presented to Parliament.

Liberia:

- OTA Budget Policy and Management advised on the establishment of guidelines for reconciling policies and expenditures in the national budget.
- OTA Tax Policy and Administration provided assistance in the establishment of an automated data base for large taxpayer accounts.
- OTA Financial Institutions Policy and Regulation completed an On-site Examination Manual establishing procedures for the review of the operating banks and contributed to the development of a Problem Bank Reconstruction and Resolution Policy for restructuring the Liberian banking system.

Mauritius:

- OTA Budget Policy and Management assisted the country in the development of its Medium-Term Expenditure Framework (MTEF).

Nigeria:

- OTA Government Debt Issuance and Management aided in the re-profiling of treasury bill debt to smooth weekly maturities, thereby reducing a key source of volatility in the domestic money market. It also helped to establish a debt management program that is used as a platform for engaging sub-sovereign states on key economic issues.

South Africa:

- OTA Financial Institutions Policy and Regulation assisted in establishing the legal and policy framework for the explicit guaranty of deposits in financial institutions.
- OTA Budget Policy and Management provided assistance which proved instrumental in avoiding a failure of South Africa's disabilities benefit system, the nation's primary social service and largest budget item. OTA guided the establishment of a planning board that will collect and analyze data to determine entitlements and levels of support in the future. At the request of the government, it also developed a mechanism for implementing a new law that called for centralization of funding for certain social programs.

Tanzania:

- OTA Financial Enforcement assisted in the preparation of draft anti-money laundering (AML) legislation for presentation in Parliament.

Uganda:

- OTA Financial Enforcement worked on the preparation of draft AML legislation that provides for the creation of a financial intelligence unit (FIU).
- OTA Financial Institutions Policy and Regulation aided in developing the Financial Institutions Act of 2004, which provided for the establishment of the first risk-based premium deposit insurance system in Africa. It also provided technical assistance as the Deposit Protection Fund (DPF) began moving toward being fully invested in Uganda treasury bills and government bonds. As a result of this transition, DPF income during the next twelve months is expected to increase to \$1,200,000 at the present exchange rate.

- In January 2004 OTA Government Debt Issuance and Management assisted in the design and sale of the first ever two-year bond, followed quickly by three-, five-, and ten-year maturity issues, thereby dramatically extending the yield curve for the country. It is also noteworthy that ten-year maturity issues are extraordinarily rare in developing economies.

Zambia:

- OTA Financial Enforcement provided mentoring to the Anti-Corruption Task Force in the conduct of investigations and prosecutions against several politicians and officials of the previous administration, including the former president.

Regional:

- OTA Financial Enforcement conducted AML/CFT assessment missions to Kenya, Ethiopia, Morocco, Lesotho, and Liberia.

Asia and Near East

Bangladesh:

- OTA Financial Institutions Policy and Regulations aided in ensuring that bank inspections are conducted with updated quarterly financial statements in place of the previous practice of using outdated end-of-year statements.

Sri Lanka:

- OTA Financial Enforcement initiated AML/CFT training for personnel from the central bank and from commercial banks.
- OTA Budget Policy and Management assisted in the institution of reforms in budget preparation and formulation. It also completed a Medium-Term Expenditure Framework (MTEF).

Turkey:

- OTA Tax Policy and Administration aided in the establishment of a Large Taxpayer Office, part of the first major reorganization of the General Directorate of Revenue since the Ottoman Empire. Tax agencies were reorganized to merge collection activities and consolidate local office authorities, approaching world standards in transparency and efficiency.
- OTA Financial Institutions Policy and Regulation assisted the Savings Deposit Insurance Fund in making substantial progress in transitioning its asset disposition programs from a high-cost collection operation to a quicker asset disposition vehicle.

Central and South America

Colombia:

- OTA Financial Institutions Policy and Regulation advised on the development of regulations designed to expedite the resolution of failed financial institutions. This allowed the agency responsible for bank resolution to transfer certain assets and all deposits of a failing bank to a sound financial institution within a seven-day period.

Guatemala:

- OTA Financial Enforcement assisted in development of the nation's AML law, provided training to staff of the Financial Intelligence Unit, and completed AML/CFT training for over 90 percent of judges in the country.

Haiti:

- OTA Financial Enforcement provided technical assistance in tracing monies diverted by former government officials and assisted in developing a Financial Crimes Task Force that will address corruption.

Honduras:

- OTA Tax Policy and Administration provided technical assistance to reorganize and merge tax collection activities and consolidate local office authorities under the Dirección Ejecutiva de Ingresos (DEI).

Nicaragua:

- OTA Government Debt Issuance and Management assisted the treasury to issue monthly short-term treasury bills on a competitive basis and in a fully transparent manner.
- OTA Tax Policy and Administration advised on methods to strengthen the audit, collection, and internal control functions of the Dirección General de Ingresos (DGI). Tax agencies were reorganized to merge tax collection activities and to consolidate local office authorities.

Paraguay:

- OTA Financial Enforcement assisted customs with the implementation of controls to combat money laundering and terrorist financing in the Argentina-Brazil-Paraguay tri-border area. It also worked with authorities to create an effective AML/CFT regime, including the establishment of an internationally recognized FIU.
- OTA Budget Policy and Management helped produce a Budget in Brief (Citizen's Guide) for the 2004 budget in order to increase the transparency of the budget process.
- OTA Tax Policy and Administration helped reorganize and merge tax collection activities and consolidate local office authorities. The product of this effort was consistent with international standards in transparency and efficiency.

Peru:

- OTA Financial Enforcement assisted in building capacity within the Financial Intelligence Unit. This resulted in more than twenty cases being referred to the prosecutor's office for criminal investigation.

Eurasia

Ukraine:

- OTA Financial Enforcement assisted Ukraine in making the progress necessary to achieve Ukraine's removal from the FATF list of non-compliant countries and territories. The efforts involved working with the newly formed Financial Intelligence Unit and supporting the establishment of an anti-money laundering unit within the National Bank of Ukraine.

TABLE A - FISCAL YEAR 2004 BUDGET EXECUTION PLAN

Treasury International Affairs Technical Assistance (TIATA)

Fiscal Year 2004 Budget Request

	<u>Team</u>	<u>Advisor Category</u>	<u>Co-Financing Amount</u>	<u>TIATA Amount</u>	<u>Total</u>
<u>AFRICA</u>					
BCEAO ¹	Gov't Debt	Resident	\$0	\$350,000	\$350,000
Chad (Oversight Board)	Budget	Intermittent	\$0	\$100,000	\$100,000
East Africa Community ²	Gov't Debt	Resident	\$250,000	\$250,000	\$500,000
Ethiopia	Enforcement	Intermittent	\$0	\$550,000	\$550,000
	Tax	Intermittent	\$0	\$50,000	\$50,000
Ghana	Gov't Debt	Resident	\$335,885	\$250,000	\$585,885
	Tax	Intermittent	\$135,000	\$275,000	\$410,000
Guinea	Budget	Resident	\$250,000	\$250,000	\$500,000
Kenya	Enforcement	Resident	\$0	\$550,000	\$550,000
Mauritius	Budget	Resident	\$0	\$250,000	\$250,000
Niger ³	Budget	Resident	\$0	\$250,000	\$250,000
Nigeria	Gov't Debt	Resident	\$275,000	\$275,000	\$550,000
South Africa	Budget	Resident	\$200,000	\$250,000	\$450,000
	Banking	Resident	\$250,000	\$250,000	\$500,000
Uganda	Banking	Resident	\$0	\$475,000	\$475,000
WAEMU ⁴	Gov't Debt	Resident	\$250,000	\$300,000	\$550,000
Zambia	Budget	Intermittent	\$0	\$100,000	\$100,000
	Enforcement	Resident	\$0	\$550,000	\$550,000
	Banking	Resident	\$0	\$475,000	\$475,000
Subtotal Africa			\$1,945,885	\$5,800,000	\$7,745,885

¹ Banque Centrale des Etats de l'Afrique de l'Ouest (the Central Bank of the West African States). Based in Senegal, its members are Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo.

² Based in Uganda, its members are Kenya, Tanzania, and Uganda.

³ \$250,000 for Democratic Republic of Congo was to be combined with \$250,000 from USAID to establish a resident advisor position. Co-funding was withdrawn due to human rights violations in DRC. The \$250,000 TIATA funds were re-programmed to Niger for an assessment mission and residency to be established in FY2005.

⁴ West African Economic and Monetary Union. Based in Burkina Faso, its members are Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo.

Fiscal Year 2004 Budget Request			Co-Financing	TIATA	
Team	Advisor Category		Amount	Amount	Total
ASIA					
Afghanistan	Gov't Debt	Resident		\$1,000,000	\$1,000,000
Asian Development Bank (Philippines-based)	Enforcement	Resident	\$0	\$500,000	\$500,000
Bangladesh	Banking	Resident	\$200,000	\$275,000	\$475,000
Mongolia ⁵	Budget	Resident	\$0	\$250,000	\$250,000
Sri Lanka	Budget	Resident	\$0	\$500,000	\$500,000
	Enforcement	Intermittent	\$0	\$500,000	\$500,000
	Gov't Debt	Resident	\$454,000	\$150,000	\$604,000
Turkey	Banking	Intermittent	\$0	\$475,000	\$475,000
	Tax	Intermittent	\$0	\$250,000	\$250,000
Subtotal Asia			\$654,000	\$3,900,000	\$4,554,000
EURASIA					
Albania	Enforcement	Resident	\$0	\$500,000	\$500,000
Ukraine	Enforcement	Resident	\$300,000	\$200,000	\$500,000
Subtotal Eurasia			\$300,000	\$700,000	\$1,000,000
LATIN AMERICA AND CARIBBEAN					
Central American Market Harmonization ⁶	Gov't Debt	Intermittent	\$0	\$155,000	\$155,000
Ecuador	Tax	Intermittent	\$0	\$100,000	\$100,000
El Salvador	Banking	Intermittent	\$0	\$150,000	\$150,000
Honduras	Tax	Resident	\$250,000	\$300,000	\$550,000
Latin America & Caribbean Regional ⁷	Enforcement	Resident	\$0	\$475,000	\$475,000
Nicaragua	Gov't Debt	Resident	\$238,167	\$225,000	\$463,167
	Tax	Resident	\$300,000	\$300,000	\$600,000
Paraguay	Budget	Resident	\$0	\$500,000	\$500,000
	Enforcement	Resident	\$0	\$500,000	\$500,000
	Gov't Debt	Resident	\$0	\$500,000	\$500,000
	Tax	Intermittent	\$0	\$375,000	\$375,000
Peru	Enforcement	Resident	\$350,000	\$200,000	\$550,000
Subtotal Latin America and Caribbean			\$1,138,167	\$3,780,000	\$4,918,167

⁵ \$250,000 TIATA funds were to be combined with co-funding from the World Bank of \$250,000 for a residency in Mongolia. Co-funding has yet to be received. Residency will be established when co-funding becomes available.

⁶ Headquartered in Costa Rica, its members are Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

⁷ Covers financial enforcement projects carried out in the geographic area of the Americas and the Caribbean.

Fiscal Year 2004 Budget Request

	<u>Team</u>	<u>Advisor Category</u>	<u>Co-Financing Amount</u>	<u>TIATA Amount</u>	<u>Total</u>
<u>SENIOR AND REGIONAL ADVISORS</u>					
Budapest-based	Budget	Regional Advisor	\$0	\$58,824	\$58,824
	Enforcement	Regional Advisor	\$310,000	\$190,000	\$500,000
	Banking	Senior Advisor	\$0	\$176,471	\$176,471
	Banking	Regional Advisor	\$0	\$58,824	\$58,824
	Gov't Debt	Regional Advisor	\$0	\$58,824	\$58,824
	Tax	Regional Advisor	\$0	\$58,824	\$58,824
Africa-based	Enforcement	Regional Advisor	\$0	\$550,000	\$550,000
U.S.-based	Budget	Regional Advisor	\$0	\$264,706	\$264,706
	Gov't Debt	Regional Advisor	\$0	\$264,706	\$264,706
	Enforcement	Regional Advisor	\$0	\$300,000	\$300,000
Subtotal S/R Advisors			\$310,000	\$1,981,179	\$2,291,179
<u>OTHER FUNDED ACTIVITIES</u>					
Global Anti-Terrorism	Enforcement		\$0	\$2,337,900	\$2,337,900
Global Information Technology	Enforcement		\$0	\$250,000	\$250,000
Assessment Missions (Financial Enforcement)	Enforcement		\$0	\$100,000	\$100,000
Assessment Missions (traditional)	Enforcement		\$0	\$38,821	\$38,821
OMB Rescission	Enforcement		\$0	\$112,100	\$112,100
Subtotal Other			\$0	\$2,838,821	\$2,838,821
GRAND TOTAL			\$4,348,052	\$19,000,000	\$23,348,052

FISCAL YEAR 2004 BUDGET EXECUTION PLAN

Treasury International Affairs Technical Assistance Program (TIATA)

<u>Fiscal Year 2004 Budget Request</u>			<u>Co-finance</u>	<u>TIATA Contribution</u>
<u>Team</u>	<u>Type Advisor</u>			
<u>ASIA AND NEAR EAST</u>				
Afghanistan	Gov't Debt	Resident		1,000,000
Bangladesh	Fin Institutions	Resident	200,000	275,000
Mongolia	Budget	Intermittent		250,000
Philippines	Enforcement	Resident		500,000
Sri Lanka	Budget	Resident		500,000
	Enforcement	Intermittent		500,000
	Gov't Debt	Resident	454,000	150,000
Turkey	Fin Institutions	Resident		475,000
	Tax	Intermittent		250,000
<u>EURASIA</u>				
Albania	Enforcement	Intermittent		500,000
Ukraine	Enforcement	Resident	300,000	200,000
<u>LATIN AMERICA AND CARIBBEAN</u>				
Costa Rica	Gov't Debt	Intermittent		155,000
Ecuador	Tax	Intermittent		100,000
El Salvador	Fin Institutions	Intermittent		150,000
Honduras	Tax	Resident	250,000	300,000
Latin America and Caribbean Regio	Enforcement	Resident		475,000
Nicaragua	Gov't Debt	Resident	238,167	225,000
	Tax	Resident	300,000	300,000
Paraguay	Budget	Resident		500,000
	Enforcement	Resident		500,000
	Gov't Debt	Resident		500,000
	Tax	Intermittent		375,000
Peru	Enforcement	Resident	350,000	200,000

FISCAL YEAR 2004 BUDGET EXECUTION PLAN

Treasury International Affairs Technical Assistance Program (TIATA)

<u>Fiscal Year 2004 Budget Request</u>		<u>Co-finance</u>	<u>TIATA Contribution</u>
<u>Team</u>	<u>Type Advisor</u>		
<u>SENIOR AND REGIONAL ADVISORS</u>			
S/R Advisors (Washington)	Budget		264,706
	Gov't Debt		264,706
S/R Advisors (Budapest)	Budget		500,000
	Enforcement	310,000	190,000
	Fin Institutions		235,295
	Gov't Debt		500,000
	Tax		200,000
Regional Advisors (Africa)	Enforcement		550,000
Regional Advisors (USA)	Enforcement		300,000
<u>OTHER</u>			
Global AT	Enforcement		2,337,900
Global IT	Enforcement		250,000
Assessment Missions (Enforcen	Enforcement		100,000
Assessment Missions (tradition	Enforcement		38,821
OMB Recission	Enforcement		112,100

TABLE B - FISCAL YEAR 2004 Non-TIATA Sources of Funding (Excluding Supplemental Appropriations)**Fiscal Year 2004**

<u>Purpose</u>	<u>Source</u>	<u>Transfer Category</u>	<u>Amount</u>
TA to countries of Eastern Europe (SEED Act-funded)	USAID	632(a)	\$8,200,000
TA to countries of the Newly Independent States (FSA-funded)	USAID	632(a)	\$3,550,000
TA to develop financial markets within the East Africa Community	USAID	632(a)	\$500,000
Banking, debt and financial enforcement projects under MEPI ¹	STATE	632(b)	\$3,000,000
Government debt issuance and management advisor in Sri Lanka	USAID	632(b)	\$454,000
Financial enforcement TA to Government of Zambia	USAID	632(b)	\$195,000
Resident financial enforcement advisor in Peru	STATE	632(b)	\$350,000
TA to the Debt Management Office of Nigeria	USAID	632(b)	\$449,475
TOTAL			\$16,698,475

¹ MEPI: Middle East Peace Initiative

FISCAL YEAR 2004 BUDGET EXECUTION PLAN

Treasury International Affairs Technical Assistance Program (TIATA)

<u>Fiscal Year 2004 Budget Request</u>			<u>Co-finance</u>	<u>TIATA Contribution</u>
<u>Team</u>	<u>Type Advisor</u>			
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Afghanistan	Gov't Debt	Resident		1,000,000
Bangladesh	Fin Institutions	Resident	200,000	275,000
Mongolia	Budget	Intermittent		250,000
Philippines	Enforcement	Resident		500,000
Sri Lanka	Budget	Resident		500,000
	Enforcement	Intermittent		500,000
	Gov't Debt	Resident	454,000	150,000
Turkey	Fin Institutions	Resident		475,000
	Tax	Intermittent		250,000
<u>EURASIA</u>				
Albania	Enforcement	Intermittent		500,000
Ukraine	Enforcement	Resident	300,000	200,000
<u>LATIN AMERICA AND CARIBBEAN</u>				
Costa Rica	Gov't Debt	Intermittent		155,000
Ecuador	Tax	Intermittent		100,000
El Salvador	Fin Institutions	Intermittent		150,000
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	Enforcement	Resident		500,000
	Gov't Debt	Resident		500,000
	Tax	Intermittent		375,000
Peru	Enforcement	Resident	350,000	200,000

FISCAL YEAR 2004 BUDGET EXECUTION PLAN

Treasury International Affairs Technical Assistance Program (TIATA)

<u>Fiscal Year 2004 Budget Request</u>		<u>Co-finance</u>	<u>TIATA Contribution</u>
<u>Team</u>	<u>Type Advisor</u>		
<u>SENIOR AND REGIONAL ADVISORS</u>			
S/R Advisors (Washington)	Budget		264,706
	Gov't Debt		264,706
S/R Advisors (Budapest)	Budget		500,000
	Enforcement	310,000	190,000
	Fin Institutions		235,295
	Gov't Debt		500,000
	Tax		200,000
Regional Advisors (Africa)	Enforcement		550,000
Regional Advisors (USA)	Enforcement		300,000
<u>OTHER</u>			
Global AT	Enforcement		2,337,900
Global IT	Enforcement		250,000
Assessment Missions (Enforcement)	Enforcement		100,000
Assessment Missions (traditional)	Enforcement		38,821
OMB Recission	Enforcement		112,100