

**DEPARTMENT OF THE TREASURY
INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE
2017 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

This report provides an overview of the activities of the Treasury Department's Office of Technical Assistance (OTA) for calendar year 2017. The report covers 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 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. Additionally, governments that develop effective financial sector oversight regimes are valuable partners in the global effort to combat money laundering and terrorist financing.

In 2017, OTA supported financial sector strengthening in many regions and countries. As discussed in greater detail in section VI, OTA projects in Africa (e.g., Kenya), Asia (e.g., Mongolia), Latin America (e.g., Argentina), and the Middle East/North Africa (e.g., Tunisia) 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 in the area of infrastructure finance, with a focus on the program's engagement in India. In 2017, OTA provided assistance to the city of Pune that led to the launch of a landmark \$31 million bond issue. As discussed further in section VII, this engagement, which is one of OTA's few projects with counterparts at both the national and sub-national levels, resulted in the raising of critical domestic resources to develop Pune's municipal water supply. OTA foresees growing demand for this type of technical assistance to help address the infrastructure deficit in many developing and transitioning countries.

Over the course of 2017, OTA engaged with incoming Treasury leadership about how OTA's work can best support Treasury goals going forward. Treasury's Strategic Plan for 2018-2022 identifies Treasury Foreign Technical Assistance as relevant to the strategic goal of supporting financial stability. Under the Strategic Plan, OTA will "provide technical assistance to enable foreign partner countries to better raise and manage financial resources and protect their financial sectors." This will entail focusing on OTA's five core program disciplines (revenue policy and administration; budget and financial accountability; government debt issuance and infrastructure financing; banking & financial services; economic crimes) as well as high-priority cross-cutting objectives such as domestic resource mobilization, infrastructure finance, expanding access to financial services, strengthening anti-money laundering/combating financing of terrorism (AML/CFT) frameworks, and supporting growth and rising median real incomes. (See Annex 1: U.S. Treasury Strategic Plan 2018-2022.)

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

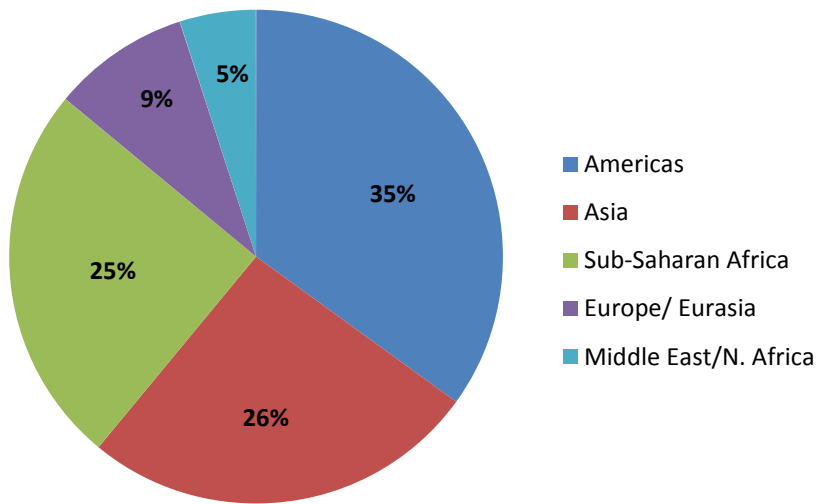
government agency. OTA advisors introduce sound practices in daily work routines through ongoing mentoring and on-the-job training.

III. Project Allocation and Funding

As of the end of 2017, OTA had 101 projects in 47 countries. Thirty-five percent of OTA’s total projects in 2017 were in the Americas, 26 percent in Asia, 25 percent in Sub-Saharan Africa, 9 percent in Europe and Eurasia, and 5 percent in the Middle East and North Africa (see chart below). The total number of projects and their regional distribution are consistent with OTA’s footprint in recent years, with a marginal increase in projects in the Americas (e.g., Argentina, Colombia, Guatemala, Mexico) while the share of projects in Europe and Eurasia declined as certain long standing engagements in that region concluded (e.g., Kosovo).

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.

Chart 1 - OTA Projects by Region 2017



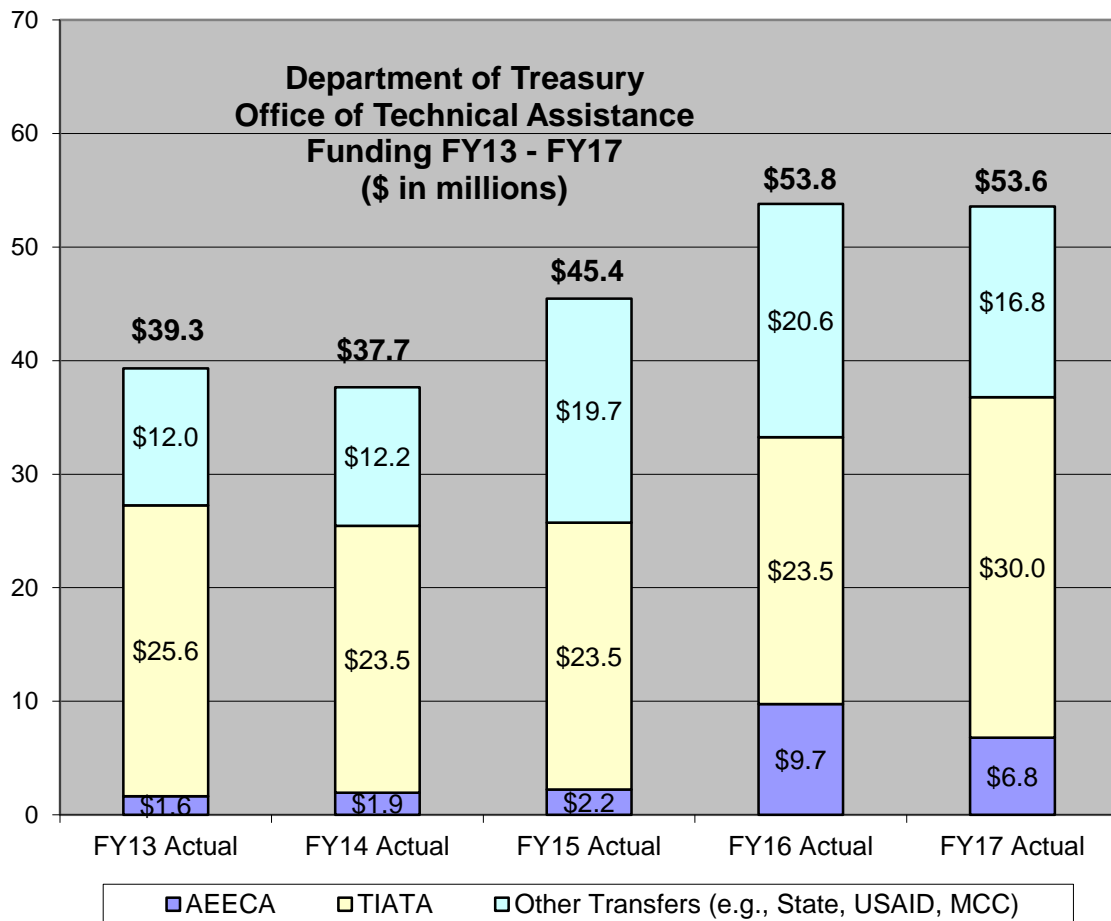
OTA received total funding of \$53.6 million in 2017, including funds directly appropriated to the program and transfers from other U.S. agencies. Eighty projects, with a combined budget of \$41.6 million, were financed either wholly or partly by OTA’s direct annual appropriation, formally known as “Treasury 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 FY 2017, Congress appropriated \$30 million in TIATA

resources, an increase of \$6.5 million, or 28%, over the previous year. This increase offset the decline in inter-agency transfers (see below) and enabled the program to initiate and expand engagements in priority assistance areas, including AML/CFT, spurring domestic resource mobilization, and increasing access to finance.

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, and the Millennium Challenge Corporation. Funding transferred to OTA from other agencies in 2017 totaled \$23.6 million, a decline of \$6.7 million, or 22%, from the previous year (2016), but an increase over recent, prior years (2013, 2014, 2015) and consistent with the five-year average of transfer funding received by OTA (\$20.7 million).

Chart 2 - OTA Funding by Source FY 2013-FY 2017



Notes

1. AEECA refers to State Department Assistance for Europe, Eurasia, and Central Asia. AEECA funding includes multi-year funding for certain projects.
2. FY13 TIATA figure includes \$1.473 million Overseas Contingency Operations (OCO) funding. Both TIATA and OCO amounts were subject to sequester.
3. TIATA amounts shown are annual appropriation levels. The sum of project allocations may be higher than annual appropriation amounts due to a combination of carryover funds and/or transfer funding from other agencies.
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 2017, including funds received as transfers.

Program Management

Program management is the set of management and administrative activities – and related costs – that are required to effectively develop, deliver, and oversee technical assistance to partner countries globally. These costs, which are largely associated with OTA’s headquarters management and administrative functions, include compensation for program office management and staff; headquarters office facility and maintenance, utilities, and other services (e.g., computer, telephone and internet, supplies); procurement and financial management services; and office and information systems security. These program management expenses are funded by twenty percent (20%) of all funds the program receives, whether via direct appropriation (TIATA) or inter-agency transfer.

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 five end-of-project reports in 2017.

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 2017, 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 exceeded performance goals for both traction and impact in 2017 with actual scores of 4.0 and 3.2, respectively. (See rating scale below for additional explanation of the meaning of these scores.)

OTA Traction and Impact Evaluation Rating Scale

Traction

5 – Advisors have regular and frequent meetings with counterparts. Counterparts display high levels of involvement. There is an excellent professional relationship between the advisor and the counterpart. Schedules are kept. Counterparts take the initiative to advance the project work. There is a great deal of energy and activity devoted to this objective.

3 – While there is interaction and involvement in working on this objective, more focus and activity would be desirable and is probably possible. For good and valid reasons the specific project objective does not have a high priority for the counterparts at the present time, but some important and worthwhile efforts are being made. The project is doing well but could do better on this objective.

1 – There is little if any involvement or activity generated around this objective. It may be that the objective has been delayed, suspended, or otherwise given low priority. Though this may change in the future, for the time period covered by this evaluation this objective is dormant.

Impact

5 - This objective has been completed and/or is having a noticeable and positive effect. The work being accomplished makes a difference that all involved in the project recognize and value. The project is making substantive and substantial differences that can be verified by any observer who understands the technical nature of this work.

3 - Though the effects of this objective are unmistakable and positive, the objective was designed to achieve more than has been done to date.

1- There has been little if any substantive achievement or change as a result of work on this objective. It may be because little work has been done to date; because what has been done has been inadequate; or because what was done failed.

Use the numbers **4** and **2** to indicate levels of Traction and Impact between 5 and 3, or 3 and 1, if that best reflects the professional assessment of the evaluator.

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 2017, OTA received 53 survey responses covering projects in 26 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

As described in the previous section, the results of Treasury technical assistance are measured on a project-by-project basis and range from engagements that meet or in some cases exceed project objectives, to those that underperform, or result in little or no improvement. On the latter, projects can fall short of expectations for a variety of reasons – limited absorption capacity by recipients, a change in host-country leadership, difficulty in establishing a good working relationship between the advisor and his/her counterpart, a lack of commitment to reform, or reform fatigue. OTA conducts quarterly reviews of project progress. For projects with less than satisfactory progress, OTA may curtail or end the projects earlier than expected. On average, OTA curtails or ends early 4-5 projects – roughly 6% of TIATA-funded projects – per year.

By contrast, OTA projects are successful when the foreign counterparts – at both the technical and policy level – are committed to reform and to using Treasury technical assistance well. In 2017, several OTA partner countries demonstrated such commitment and made significant achievements with OTA assistance. Notable accomplishments include the following:

Banking and Financial Services

Tunisia Enhances Financial Stability. Financial reforms resulted in legislated Central Bank independence and created a cross governmental Macroprudential Committee to evaluate emerging threats to financial stability. OTA assisted counterparts at the Central Bank in identifying macro- and microeconomic risks as well as developing reporting and trend analysis. Leading economic indicators were risk ranked and aligned with “early warning” indicators and potential instruments to inform Central Bank economic intervention strategies. The proposed stress test model methodology utilizes jointly derived stress variables to evaluate potential weaknesses and impending liquidity constraints on the entire financial sector.

Revenue Policy and Administration

Mongolia Strengthens Critical Tax Administration Functions. With OTA support the Mongolia General Department of Taxation developed a Key Client Managers program to delineate taxpayer services by market segment and create consistent informational services and products across districts. Feedback from businesses participating in program indicate that the program is effective and well-received, and taxpayers report that the redesign of the tax administration website allows them to find information more easily. Alongside improvements to the access and quality of information available, the department streamlined returns processing procedures, resulting in an average 75 percent increase in automatic acceptance of tax returns. The tax department has reduced registration timelines, in part due to increased cooperation with relevant government agencies.

Zambia Improves Collection of Arrears. The Zambia Revenue Authority reorganized its debt management system and instituted new procedures that resulted in significant revenue gains. OTA advised the Zambia Revenue Authority on optimal staffing levels and managerial controls and helped to document key procedures, including quality standards. As a result of these administrative reforms, 2,258 arrears cases were closed in 2017 compared to 73 the prior year, with revenue from enforcement actions rising to \$410 million from \$97 million the previous year, a more than 300% increase.

Budget and Financial Accountability

Uganda Increases Budget Credibility and Transparency. With support from OTA, the Ministry of Finance, Planning, and Economic Development (MoFPED) strengthened linkages between national policies and priorities and the budget and addressed budget credibility issues identified in a 2016-2017 Public Expenditure Financial Accountability (PEFA) assessment report. As part of this multi-year effort, under which the Ministry is leading the transition from output-oriented budgeting to a more results-focused, program-based budgeting (PBB), OTA assisted the MoFPED in training more than 280 government leaders, executives, and staff across the government on the concept and benefits of moving to a performance-based budgeting system. This effort led to the successful implementation of PBB for 140 budget entities at the central government level in 2017-2018, allowing the government to shift from an output-focused environment to a policy oriented environment that is based on performance outcomes and results.

Madagascar Improves Budget Execution. The Ministry of Finance and Budget, with OTA support, made important progress to strengthen execution of the national budget, including by streamlining the annual process for certifying “Authorizing Officers”. Under the new system, which was incorporated into the budget execution circular for 2018, all authorized budget officers can start executing budget commitments on the first day of the budget year. Previously, officers had to wait as long as three months following the start of the fiscal year in order to start the critical budget processes that deliver services to the people of Madagascar. In addition, OTA is supporting the Ministry’s efforts to allow more dynamic risk controls aimed at permitting an increased volume of routine, small value transactions be executed with post expenditure audit rather than the traditional (and lengthy) process of pre-audit.

Government Debt and Infrastructure Finance

Kenya Issues First-ever Government Bond through Mobile Money Platform. With OTA assistance, Kenya’s National Treasury sold \$11.5 million in small-denomination M-Akiba (“mobile savings” in Swahili) retail government bonds to domestic savers in a pilot and follow-on issue. Sold in transactions equivalent to \$30-\$140, M-Akiba were placed in more than 300,000 new retail accounts. As a point of comparison, over the previous ten years the Central Bank of Kenya opened 10,000 retail bond accounts. This innovative product has increased financial inclusion for a greater percentage of Kenya’s population, including by promoting domestic savings in an environment where fewer than 20% of the population saves in traditional bank and cooperative instruments. A

particularly noteworthy aspect of this effort is the potential to break down structures and practices that inhibit retail investment in government securities by providing investors a safe, easily accessed instrument in affordable denominations.

Economic Crimes

Peru Reorganizes Asset Forfeiture Regime to Target Criminal Assets. As part of a multi-year effort to improve its asset forfeiture regime, in 2017 with OTA assistance the newly created National Asset Management Program (PRONABI) under the Ministry of Justice set up its organizational structure, developed operational protocols, and issued improved regulations with the goal of enhancing public safety and security by removing the proceeds of crime and other assets relied upon by criminals and their associates. OTA helped PRONABI to cultivate more effective working relationships with critical Peruvian stakeholders including prosecutors, police, and the judiciary. These efforts led to a number of positive outcomes, including better coordinated seizure operations, greater transparency with respect to the management of seized and forfeited assets, and more productive asset disposal practices. For example, PRONABI successfully completed a public auction of seized and forfeited assets in October 2017 that added \$3.5 million to the government's forfeiture fund.

Argentina Improves Anti-Money Laundering Analysis. Argentina's financial intelligence unit (FIU) incorporated OTA recommendations, as well as technical guidance from U.S. supervisory counterparts facilitated by OTA, into the issuance of new, comprehensive AML/CFT regulations for the Argentine financial sector. Under the strengthened regulations, banks, exchange houses, and money remitters will be obligated to conduct risk assessments, to rate clients on the basis of risk, and to implement controls to minimize these risks. Analysts at the unit have also successfully applied OTA guidance in developing stronger analytic products, such as incorporating open source databases to gather intelligence on corporate entities and real estate holdings in the United States. FIU attorneys also utilized OTA training on the use of a U.S. federal court database to locate information beneficial to Argentine prosecutions.

VII. Special Focus: Infrastructure Finance Technical Assistance Goes Local – India Launches Landmark Bond for Local Infrastructure

To help address the infrastructure deficit and enhance economic growth in many developing and transitioning nations, OTA provides technical assistance focused on strengthening the capacity of governments to structure and implement infrastructure projects. Under this initiative, which OTA launched in 2009, the program engages with foreign governments to provide technical advice to accelerate the development and implementation of well-designed and fiscally sound infrastructure projects. These projects may be structured as direct public procurement or incorporate the public-private-partnership (PPP) model. OTA currently executes 12 infrastructure finance projects globally, with engagements in the Americas (Argentina, Colombia, Paraguay, Peru), Asia

(India, Indonesia, Mongolia, Philippines), Sub-Saharan Africa (Uganda), and Europe/Eurasia (Ukraine).

While OTA's efforts have focused on helping finance ministries, procurement agencies, and related offices at the national (sovereign) level, in 2016, at the request of the Government of India, OTA began an engagement with the Indian city of Pune that resulted in a landmark June 2017 \$31 million bond issue. The issuance was the first in a series of bonds that are expected to total \$350 million, the largest municipal bond authorization in India's history, and points the way for local governments in India to tap capital markets – not foreign aid – to fund critical infrastructure. Proceeds of the current issuance will be used to develop Pune's water supply, which is currently available for four to six hours per day. The upgrade will allow for 24/7 availability along with new water towers, pipe replacement, user metering, and an electronic management system.

Background

OTA commenced a technical advisory engagement with Pune in mid-2016 at the request of the Government of India's Ministry of Finance and Ministry of Urban Development (MoUD), providing technical advice and capacity development on all aspects of the municipal issuance preparatory process. OTA guided the Pune staff in conducting a debt capacity analysis, drafting and implementing an appropriate debt management policy, ensuring the requisite three years of audited financial statements, securing bond ratings, and hiring legal counsel and underwriters. The most important tasks were to help the municipal officials to better understand how the bond market works, how investors think, and how to deal with disclosure requirements. OTA helped Pune officials through a process of changing their financial reporting practices, including making the switch from unaudited to audited accounts, and created a template to calculate debt capacity analysis (for the first time), an investor grievance policy, and a template to report on the construction progress being financed by the bonds.

The next challenge was for the municipality to follow through on the ongoing financial disclosure requirements. The issuance marked the first municipal bond in India in 10 years, and the first under India's securities regulatory agency's revised municipal bond guidelines. According to the Reserve Bank of India, there have been 12 municipal bond issues, with most occurring from the late 1990s to 2005, and the last being completed in 2011. Pune's initial issuance was six times oversubscribed, and at 7.59%, came in 50-60 basis points (hundredths of a percentage point) lower than expected and just 100 basis points over comparable securities issued by the central government. Similar to other municipal bonds in India and elsewhere, revenue streams are held in escrow in order to secure payment on the bonds.

In Pune's case, the revenue streams include both property taxes and water usage fees. As the water system improvements are funded and more meters are installed, the proportion of water fees in escrow will increase and property taxes will decrease. To this established way of securing revenues, with OTA assistance Pune added a few innovations. The first was creating a single legal agreement covering the series of bond issues that will come to

market over a period of years, so that each bond has pari-passu (equal footing) security with the other issues. The second was creating an additional bonds test that prevents the municipality from incurring more debt than it can afford. The third innovation involved creating a rolling coverage of debt service by the pledged revenue stream, which allows for any excess coverage to flow back to the municipality after the debt service payments are made.

Going Forward

Looking ahead, Indian authorities have asked OTA to determine if other major municipalities could follow Pune's footsteps. At MoUD's request, OTA has agreed to provide experts to speak at a conference with municipal leaders from across India to build capacity on the fundamental requirements in preparation for issuing municipal bonds, including revenue enhancement and debt capacity analysis. MoUD has also shortlisted eight cities including Jaipur, Ahmedabad, Kakinada, and Indore as candidates for possible consideration of future OTA technical support on municipal bond issuance.

Goal 2 • Objective 2.3

Foreign Technical Assistance

Provide technical assistance to enable foreign partner countries to better raise and manage financial resources and protect their financial sectors.



External Stakeholders

- Department of State
- U.S. Agency for International Development
- Millennium Challenge Corporation
- International Financial Institutions
- Development Banks
- Partner Countries

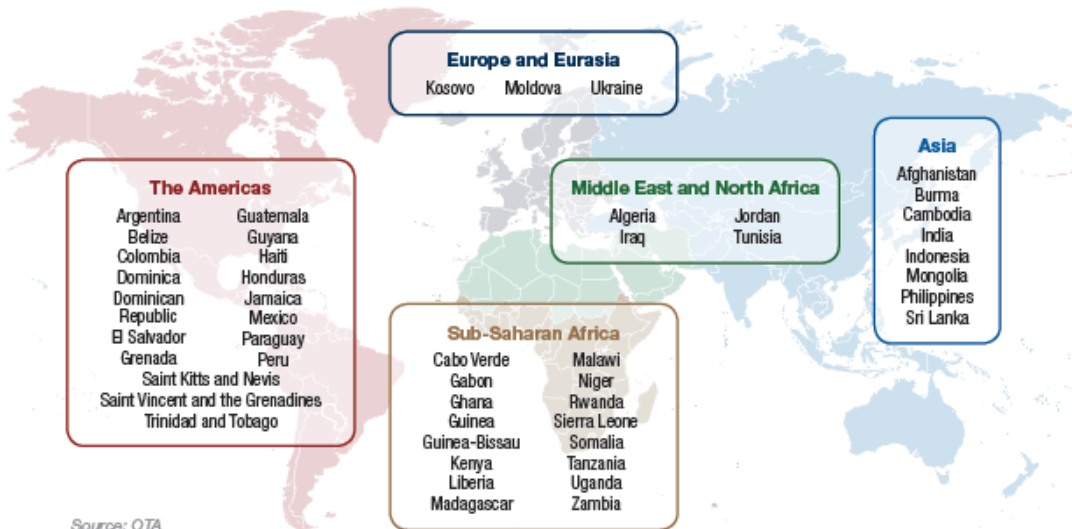
Desired Outcomes

Strongly engaged partner countries with increased capability to raise and mobilize domestic resources (resulting in decreased reliance on foreign aid); Attainment of strong, abuse-resistant financial sectors that promote economic growth.

Why Does This Matter?

Treasury's Office of Technical Assistance (OTA) directly assists developing and transition countries that have demonstrated strong commitment to reforming public financial management and strengthening their financial sectors. This work encourages prosperity and stability in other parts of the world and supports broader U.S. government economic and national security objectives – such as reducing corruption – while helping to create more stable international markets for U.S. exports.

Treasury's Technical Assistance Footprint



Objective 2.3 Strategies

Strategy 2.3.A ■ International Affairs

Maintain strong focus on core technical assistance areas (revenue policy and administration; budget and financial accountability; government debt issuance and management; banking and financial services; economic crimes).

Measures and Indicators of Success:

- Engagement of partner countries in programs
- Number of projects in core technical assistance areas

Strategy 2.3.B ■ International Affairs

Emphasize high priority issues such as domestic resource mobilization, infrastructure finance, expanded access to financial services, and Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) frameworks.

Measures and Indicators of Success:

- Engagement of partner countries in programs
- Number of projects emphasizing high priority issues

Recent Foreign Technical Assistance Success Stories

Ukraine took steps to stabilize its banking sector, including resolution of the country's largest and most systemically important bank in 2016.

Burma created the government's first Large Taxpayer Office as part of a joint Treasury-International Monetary Fund project to strengthen tax administration and improve domestic resource mobilization. In 2016, the office improved voluntary compliance and amended returns yielded more than \$13 million in additional revenue.

STRATEGIC PLAN 2016-2020
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

2017 TIATA Budget Execution Plan

Projects Funded by FY 2017 Treasury International Affairs Technical Assistance (TIATA) Appropriation

<u>LATIN AMERICA AND CARIBBEAN</u>	<u>Team</u>	<u>Advisor Category</u>	<u>Co-Financing</u>	<u>TIATA</u>	<u>Total</u>
1 Argentina	CRME	Resident	\$ -	\$ 642,911	\$ 642,911
2 Argentina	DEBT	Intermittent	\$ -	\$ 84,638	\$ 84,638
3 Belize	CRME	Intermittent	\$ 407,141	\$ 67,441	\$ 474,582
4 Colombia (Infrastructure Finance)	DEBT	Intermittent	\$ -	\$ 169,467	\$ 169,467
5 Colombia (Infrastructure Finance) 02	DEBT	Resident	\$ -	\$ 694,799	\$ 694,799
6 Dominican Republic	RVNU	Project Coordinator + Intermittents	\$ -	\$ 543,282	\$ 543,282
7 Dominican Republic 02	BDGT	Resident	\$ -	\$ 276,316	\$ 276,316
8 ECCB-Saint Kitts	CRME	Intermittent	\$ -	\$ 124,798	\$ 124,798
9 El Salvador	BDGT	Resident	\$ -	\$ 910,629	\$ 910,629
10 Guyana	RVNU	Project Coordinator + Intermittents	\$ 171,369	\$ 358,328	\$ 529,697
11 Honduras	DEBT	Resident	\$ -	\$ 746,762	\$ 746,762
12 Honduras	RVNU	Intermittent	\$ -	\$ 105,138	\$ 105,138
13 Jamaica (Financial Inclusion)	BANK	Intermittent	\$ -	\$ 189,195	\$ 189,195
14 Jamaica	BDGT	Resident	\$ -	\$ 778,817	\$ 778,817
15 Panama	BDGT	Resident	\$ -	\$ 506,752	\$ 506,752
16 Paraguay	BDGT	Resident	\$ -	\$ 650,072	\$ 650,072
17 Paraguay	CRME	Resident	\$ -	\$ 620,965	\$ 620,965
18 Paraguay	RVNU	Project Coordinator + Intermittents	\$ -	\$ 545,808	\$ 545,808
19 Paraguay	DEBT	Resident	\$ -	\$ 549,670	\$ 549,670
20 Paraguay (Infrastructure Finance)	DEBT	Resident	\$ -	\$ 538,153	\$ 538,153
21 Peru (Financial Inclusion)	BANK	Resident	\$ -	\$ 573,327	\$ 573,327
22 Peru	CRME	Intermittent	\$ 204,491	\$ 370,074	\$ 574,565
23 Peru (Infrastructure Finance)	DEBT	Intermittent	\$ -	\$ 400,670	\$ 400,670
24 Saint Vincent and the Grenadines	CRME	Intermittent	\$ 11,310	\$ 146,228	\$ 157,538
25 Trinidad and Tobago	CRME	Intermittent	\$ 142,193	\$ 43,788	\$ 185,981
Subtotal Latin America and Caribbean			\$ 936,504	\$ 10,638,028	\$ 11,574,532

	<u>ASIA</u>	<u>Team</u>	<u>Advisor Category</u>	<u>Co-Financing</u>	<u>TIATA</u>	<u>Total</u>
26	Burma	CRME	Intermittent	\$ -	\$ 431,949	\$ 431,949
27	Burma	RVNU	Resident	\$ -	\$ 1,399,039	\$ 1,399,039
28	Burma 01	BDGT	Intermittent	\$ 163,657	\$ 75,000	\$ 238,657
29	Burma 02	BDGT	Intermittent	\$ 460,800	\$ 165,929	\$ 626,729
30	Cambodia	BANK	Resident + Intermittent	\$ -	\$ 893,470	\$ 893,470
31	India	DEBT	Intermittent	\$ -	\$ 36,997	\$ 36,997
32	India 02	DEBT	Intermittent	\$ -	\$ 513,097	\$ 513,097
33	Indonesia	BDGT	Intermittent	\$ -	\$ 856,521	\$ 856,521
34	Indonesia (Infrastructure Finance)	DEBT	Resident	\$ -	\$ 730,972	\$ 730,972
35	Mongolia	BDGT	Resident	\$ 53,183	\$ 553,503	\$ 606,686
36	Mongolia	CRME	Intermittent	\$ -	\$ 67,574	\$ 67,574
37	Mongolia	DEBT	Resident	\$ -	\$ 498,948	\$ 498,948
38	Mongolia	RVNU	Project Coordinator + Intermittents	\$ -	\$ 379,010	\$ 379,010
39	Philippines	DEBT	Resident	\$ -	\$ 567,783	\$ 567,783
40	Philippines	BANK	Resident	\$ -	\$ 454,297	\$ 454,297
41	Philippines (Infrastructure Finance)	DEBT	Resident	\$ -	\$ 686,932	\$ 686,932
42	Southeast Asia (Infrastructure Finance)	DEBT	Resident	\$ -	\$ 510,292	\$ 510,292
43	Sri Lanka	CRME	Resident + Intermittent	\$ -	\$ 873,167	\$ 873,167
44	Sri Lanka	DEBT	Resident	\$ 1,360,000	\$ 172,594	\$ 1,532,594
45	Vietnam	BDGT	Resident	\$ -	\$ 372,157	\$ 372,157
	Subtotal Asia			\$ 2,037,640	\$ 10,239,231	\$ 12,276,871

	SUB-SAHARAN AFRICA	Team	Advisor Category	Co-Financing	TIATA	Total
46	Ghana 02 (Financial Inclusion)	BANK	Intermittent	\$ -	\$ 79,973	\$ 79,973
47	Guinea-Bissau	RVNU	Intermittent	\$ -	\$ 473,539	\$ 473,539
48	Kenya	BANK	Resident	\$ -	\$ 644,260	\$ 644,260
49	Kenya	DEBT	Resident	\$ -	\$ 664,877	\$ 664,877
50	Liberia	CRME	Intermittent	\$ -	\$ 377,304	\$ 377,304
51	Madagascar	BDGT	Resident	\$ 291,818	\$ 193,813	\$ 485,631
52	Madagascar (Financial Inclusion)	BANK	Resident + Intermittent	\$ 67,458	\$ 999,292	\$ 1,066,750
53	Malawi 01	BDGT	Resident	\$ 472,829	\$ 693,923	\$ 1,166,752
54	Namibia	DEBT	Resident	\$ -	\$ 150,079	\$ 150,079
55	Niger	RVNU	Project Coordinator + Intermittents	\$ -	\$ 749,752	\$ 749,752
56	Rwanda	RVNU	Project Coordinator + Intermittents	\$ -	\$ 499,825	\$ 499,825
57	Rwanda	DEBT	Resident	\$ -	\$ 641,509	\$ 641,509
58	Sierra Leone (Financial Inclusion)	BANK	Resident + Intermittent	\$ -	\$ 903,857	\$ 903,857
59	Sierra Leone	CRME	Intermittent	\$ -	\$ 51,854	\$ 51,854
60	Tanzania	RVNU	Project Coordinator + Intermittents	\$ 147,970	\$ 468,100	\$ 616,070
61	Tanzania (Infrastructure Finance)	DEBT	Close-Out	\$ -	\$ 173,194	\$ 173,194
62	Uganda	BDGT	Resident	\$ -	\$ 676,140	\$ 676,140
63	Uganda	DEBT	Close-Out	\$ -	\$ 744	\$ 744
64	Uganda IFT	DEBT	Intermittent	\$ -	\$ 176,701	\$ 176,701
65	WAEMU Regional Securities Agency	DEBT	Resident	\$ -	\$ 728,149	\$ 728,149
66	Zambia	RVNU	Project Coordinator + Intermittents	\$ -	\$ 627,130	\$ 627,130
	Subtotal Sub-Saharan Africa			\$ 980,075	\$ 9,974,015	\$ 10,954,090

SENIOR ADVISORS						
67	Senior Advisor (AFR/EUR)	BANK		\$ -	\$ 436,593	\$ 436,593
68	Senior Advisor (LAC/MENA)	BANK		\$ -	\$ 53,235	\$ 53,235
69	Senior Advisor (Financial Inclusion)	BANK		\$ -	\$ 436,156	\$ 436,156
70	Senior Advisor	BDGT		\$ -	\$ 415,981	\$ 415,981
71	Senior Advisor I	CRME		\$ -	\$ 463,122	\$ 463,122
72	Senior Advisor II	CRME		\$ -	\$ 464,238	\$ 464,238
73	Senior Advisor	DEBT		\$ -	\$ 420,768	\$ 420,768
74	Senior Advisor (Infrastructure Finance)	DEBT		\$ -	\$ 479,349	\$ 479,349
75	Senior Advisor	RVNU		\$ -	\$ 706,265	\$ 706,265
Subtotal Senior Advisors				\$ -	\$ 3,875,707	\$ 3,875,707
OTHER FUNDED ACTIVITIES						
		Team	Advisor Category	Co-Financing	TIATA	Total
76	Cash Management	BDGT	Full-time TDY	\$ -	\$ 432,816	\$ 432,816
77	Deposit Insurance	BANK	Intermittent	\$ -	\$ 928,732	\$ 928,732
78	Global Financial Inclusion	BANK	Full-time TDY	\$ -	\$ 847,912	\$ 847,912
79	Global Financial Stability	BANK	Full-time TDY	\$ -	\$ 369,709	\$ 369,709
80	Global International Tax	CRME	Intermittent	\$ -	\$ 374,625	\$ 374,625
Subtotal Other Funded Activities				\$ -	\$ 2,953,794	\$ 2,953,794
GRAND TOTAL				\$ 3,954,219	\$ 37,680,775	\$ 41,634,994

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.
4. Co-funding amounts may reflect funds intended for more than one year.

Table B

2017 Non-TIATA Sources of Funding

Treasury International Affairs Technical Assistance (TIATA)

<u>Purpose</u>	<u>Source</u>	<u>Transfer Category</u>	<u>Amount</u>
Assistance for Europe, Eurasia and Central Asia	State	632(b)	\$6,784,032
Technical Assistance for the Northern Triangle region	State/USAID	632(b)	\$4,475,676
Technical Assistance in collaboration with PEPFAR	State PEPFAR	632(b)	\$4,000,000
Technical Assistance to Government of Sri Lanka	State	632(b)	\$3,560,000
Technical Assistance to the Government of Algeria	State	632(b)	\$1,400,000
Technical Assistance to the Government of Tunisia	State	632(b)	\$1,000,000
Technical Assistance to Government of Iraq	State	632(b)	\$655,724
Technical Assistance to Government of Burma	State	632(b)	\$576,000
Technical Assistance to Government of Belize	State	632(b)	\$508,926
Technical Assistance for Energy Governance and Capacity Building	State	632(b)	\$300,000
Technical Assistance to Government of Cambodia	USAID	632(b)	\$216,000
Technical Assistance to for Domestic Resource Mobilization	USAID	632(b)	\$100,000
TOTAL			\$23,576,358