

**DEPARTMENT OF THE TREASURY
INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE
2020 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).

TABLE OF CONTENTS

I.	Introduction and Executive Summary	1
II.	Program Organization and Principles	3
III.	Project Allocation and Funding	4
IV.	Project Selection and Assistance Delivery	6
V.	Program Evaluation and Monitoring	8
VI.	Achievements	10
	Annex 1: U.S. Treasury Strategic Plan 2018-2022 (Strategic Objective 2.3: Foreign Technical Assistance)	15
	Annex 2: OTA Strategic Plan 2016-2020	17
	Table A - 2020 TIATA Budget Execution Plan	19
	Table B - 2020 Non-TIATA Sources of Funding	23

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 2020. 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 over 30 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.

OTA’s work supports Treasury’s strategic goal of promoting financial stability globally. As described in Treasury’s Strategic Plan for 2018-2022, OTA provides “technical assistance to enable foreign partner countries to better raise and manage financial resources and protect their financial sectors.” This work entails focusing on OTA’s five core program disciplines (revenue policy and administration; budget and financial accountability; government debt issuance and infrastructure financing; banking and 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. (See Annex 1: U.S. Treasury Strategic Plan 2018-2022.) OTA is working closely with the incoming administration to ensure that the program’s assistance is aligned with current priorities and will review and update its internal strategic plan accordingly.

Delivering Technical Assistance During Coronavirus (COVID-19) Pandemic

For OTA, as for nearly everyone, the main story for 2020 is how OTA adjusted to the pandemic. The global COVID-19 pandemic presented unprecedented challenges to OTA partner countries – many of whom faced increasingly difficult economic and fiscal circumstances – as well as to the program itself, with the pandemic preventing OTA in many cases from delivering assistance through its traditional approach of onsite, side-by-side capacity building.

Achieving and sustaining project traction and impact was complicated by a variety of factors, including counterparts’ technological limitations, the challenges of communicating in “real time” across multiple time zones, and the inherent difficulty in establishing and maintaining working relationships of trust between advisors and their foreign counterparts, a critical element in OTA engagements. In addition, certain project components, particularly those focused on the rollout or implementation of large

initiatives, on-the-job training, and similar capacity building efforts were more difficult to execute on a remote basis.

In response to these challenges, OTA adopted a number of measures – including implementing and expanding the use of collaborative tools (e.g., WebEx, Microsoft Teams), re-prioritizing project work plan components to address new and emerging counterpart challenges (e.g. need for emergency cash/treasury management, decreased revenue, capital outflows and increased borrowing costs, broader banking and financial sector stresses), and increasing the frequency of communication with foreign counterparts – to help the program to continue to achieve its mission. The program also began conducting virtual assessments in lieu of traditional on-the-ground assessment missions to evaluate requests for technical assistance from foreign governments.

OTA was able to maintain a limited on-the-ground presence in partner countries. Over the course of the year, roughly half of OTA’s 30 resident advisors – who live and work abroad full-time while on assignment for OTA – remained in their country of assignment. Helpfully, this enabled the program to continue, where conditions allowed and with the approval of host country officials, to stay engaged in-person, or at least more closely, with counterparts. In addition, OTA project assistants – locally hired staff in OTA partner countries – remained a critical, on-the-ground presence in many countries, including to support projects where OTA advisors were not present. OTA also organized a cross-functional team of headquarters managers and staff – known as the “Tiger Team” – to address the administrative, operational, and logistical challenges posed by the pandemic and to help ensure the health and safety of OTA personnel, both at headquarters and in the field.

Without question, progress in achieving project objectives required more time, effort, perseverance, and flexibility in 2020 compared to previous years due the afore-mentioned challenges. In some cases, the challenges proved so great that the projects were curtailed or cancelled. New or “young” projects that did not enjoy well established advisor/counterpart relationships prior to the pandemic were especially vulnerable. As discussed in section V, in the aggregate OTA’s traction and impact declined slightly.

Nonetheless, OTA was generally able to adapt to the changing circumstances and continued to provide critical and timely assistance to counterparts. Indeed, a number of projects made progress to a degree that would have been noteworthy in any year and were all the more remarkable during 2020. OTA projects in Africa (e.g., Kenya), Asia (e.g., Indonesia), Latin America (e.g., Ecuador), and other regions helped counterparts to mobilize revenues, deepen domestic bond markets, increase infrastructure finance, strengthen budget systems, improve banking supervision, and combat economic crimes. See section VI for details about these achievements, including measurable results.

II. Program Organization and Principles

OTA is organized along functional lines, operating in five major disciplines to assist the governments of developing and transitional 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 regimes that are compliant with international standards.

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

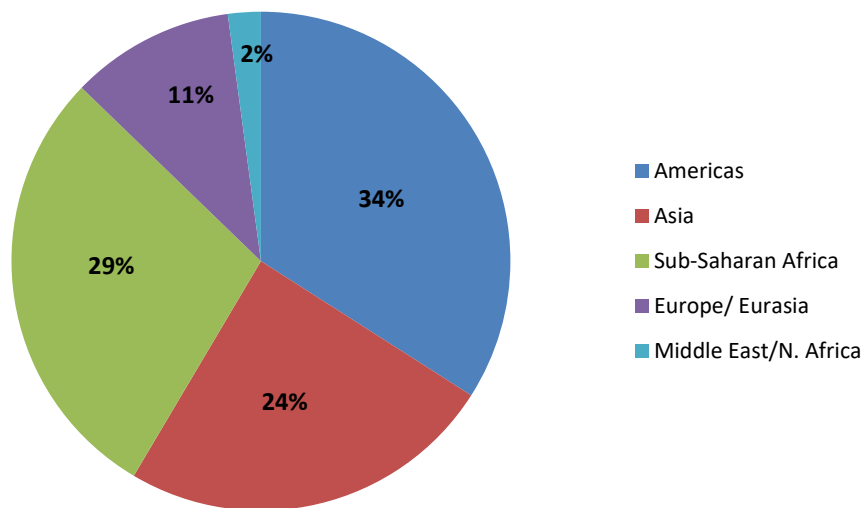
- **OTA supports self-reliance.** OTA provides countries with the knowledge and skills required to move towards financial self-sufficiency—including the capability to generate and better manage their own government finances—and to reduce dependence on international aid. OTA generally follows a three- 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. OTA is recognized 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 2020, OTA had 94 bilateral technical assistance projects in 50 countries. Thirty-four percent of OTA’s total projects in 2020 were in the Americas, 29 percent were in Sub-Saharan Africa, 24 percent were in Asia, 11 percent were in Europe and Eurasia, and 2 percent were 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.

OTA strives for depth of engagement and an integrated, multi-discipline approach. This 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 the greatest possible impact. In 2020, out of OTA’s 50 country engagements, 22 involved experts from two or more disciplines.

Chart 1 - OTA Projects by Region 2020



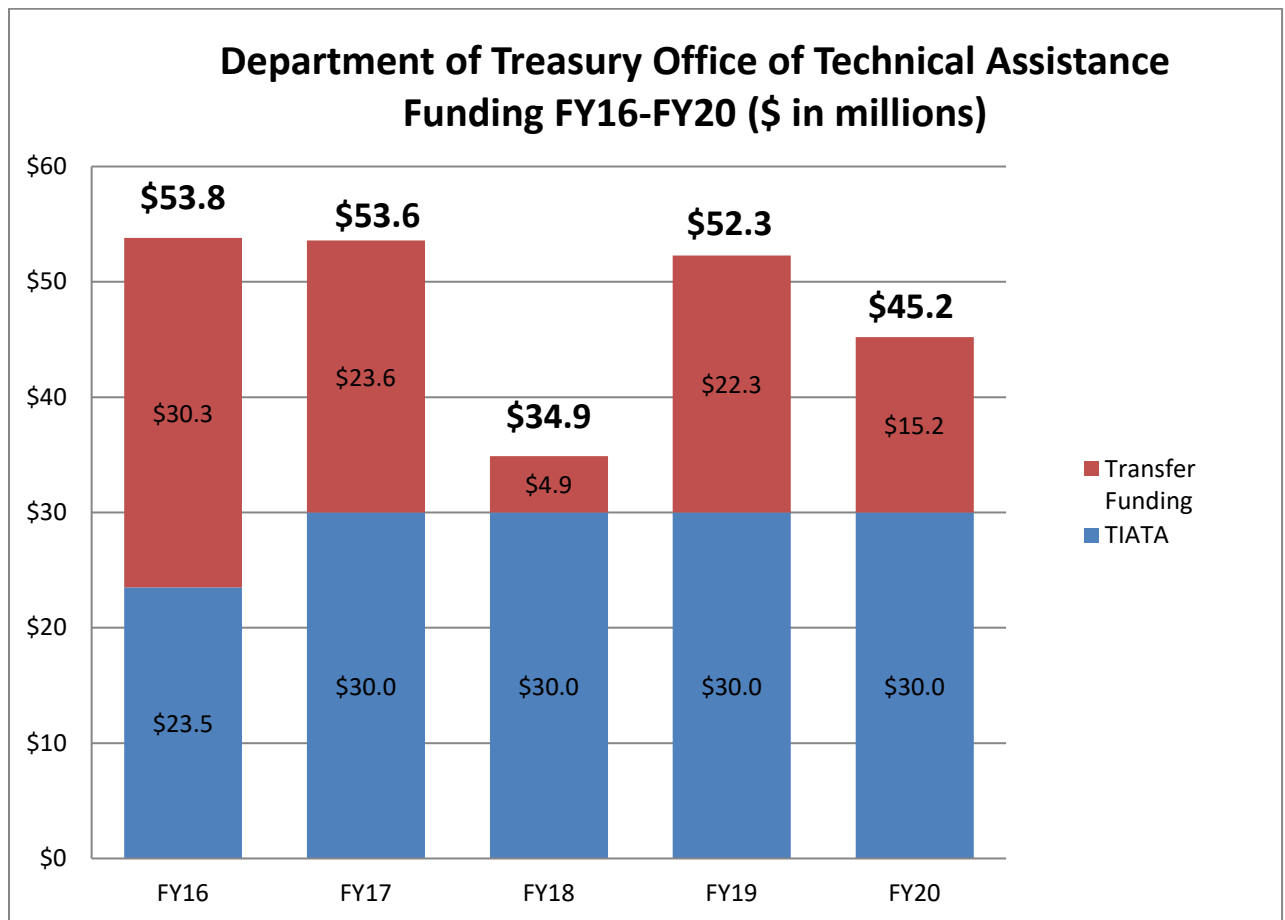
OTA received total funding of \$45.2 million in 2020, including funds directly appropriated to the program and transfers from other U.S. agencies. OTA’s direct annual appropriation, formally known as “Treasury International Affairs Technical Assistance” or TIATA, was allocated to support a total of 84 bilateral assistance projects and 10 subject matter-specific senior advisors (who work regionally and globally) with a combined budget of \$47.3 million. TIATA is a “no-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 2020, Congress appropriated \$30 million in TIATA resources, the same level as for the preceding three years. This level of funding helped maintain program continuity despite uncertainty with respect to the availability and

timing of interagency transfers and enabled the program to initiate 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 and the United States Agency for International Development (USAID). Funding transferred to OTA from other agencies in 2020 totaled \$15.2 million, which reflects a decline relative to recent historical average transfer amounts. The program continues to monitor closely the level of funding it receives—both TIATA and transfers from other agencies—to ensure that it is sufficient to sustain the current level of technical assistance OTA delivers globally and to respond to new and emerging priorities.

Chart 2 - OTA Funding by Source FY 2016-FY 2020



Notes

1. 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 2020, including funds received as transfers.

Program Management

Program management is the set of management and administrative activities and related costs that OTA requires 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.¹

OTA continues to closely monitor these expenses and the resource available to support them. The cost of many program management services, such as procurement, information technology, and facilities, continues to rise significantly from year-to-year, largely outside of the program's control. In 2020, OTA continued to engage with internal service providers and other stakeholders to address this challenge. *Resolution of this issue is critical for effective program management in compliance with all administrative and legal requirements, such as those related to financial management, procurement, human resources, information technology, and security.*

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?" Project selection is a process that typically begins with a request for Treasury technical assistance as outlined below and is informed by a careful assessment of a project's potential for impact and success. Assistance is delivered via a resident advisor 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 requests that OTA determines to be within its mandate, an on-the-ground assessment is carried out by OTA subject matter experts.² The OTA subject matter expert shares the assessment's conclusions with the partner government and the U.S. embassy in the host

¹ The FY 2020 appropriations act limited the TIATA funding available to OTA to support administrative expenses to \$6 million, or 20%, of the \$30 million total TIATA appropriation.

² As noted in the Introduction and Executive Summary, due to travel restrictions related to the COVID-19 pandemic, in 2020 the program began conducting virtual assessments in lieu of traditional on-the-ground assessment missions to evaluate requests for technical assistance.

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.

If the on-the-ground assessment is favorable, the manager of one of OTA’s five core disciplines submits a project proposal based on the assessment to the OTA Director and Deputy Assistant Secretary for Technical Assistance Policy. Decisions about whether to begin new projects, or to 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.³ 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 the course of several years, in periods of two to three weeks at a time, working with host-country counterparts. In 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 OTA selects a resident or intermittent advisor-based project model 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. Alternatively, an intermittent advisor-based project will use several advisors to cover a multitude of specialized assistance topics, such as audits, arrears

³ As further detailed in the Introduction and Executive Summary, during 2020 OTA pivoted to remote delivery of technical assistance for both resident and intermittent advisor-based projects due to COVID-19 related travel restrictions.

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 OTA selects a resident or intermittent advisor project for funding, Terms of Reference (TOR) are developed with the counterpart agency and signed by a policy-level official from the counterpart government and Treasury's DAS for Technical Assistance Policy. 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 workplan, which is approved by the Associate Director for the relevant OTA team, 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. OTA uses the reports 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 the effectiveness of individual projects and the program overall. OTA monitors project performance 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. An OTA expert other than the project implementer undertakes end-of-project reports, which are conducted typically within three to six months following the end of the project. The purpose of these reports is to better understand the program's longer-term impact. OTA completed nine end-of-project reports in 2020.

In addition, once a year OTA conducts an exercise to measure the level of "traction" achieved, or the degree to which changes in partner governments' behavior occur as a result of OTA assistance (e.g., the number of foreign officials who are taking an active role in pursuing change, or interim deliverables that are on time or ahead of schedule). OTA also measures "impact" (the extent to which the objectives are actually achieved) for each technical assistance project. The levels of traction and impact are 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.

For 2020, 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. While OTA aims for maximum success for each project, the baseline targets reflect a reasonable expectation of project traction and impact taking into consideration the inherent challenges of achieving a meaningful engagement with foreign partners that leads to tangible outcomes. OTA did not meet its performance goals for traction in 2020 with an actual score of 3.3. OTA's impact score declined slightly to 2.6, which is lower than historical averages. (See rating scale below for additional explanation of the meaning of these scores.) As discussed in the Introduction and Executive Summary, these declines in traction and impact were due largely to the challenges of delivering assistance remotely during the COVID-19 pandemic, which prevented OTA from working side-by-side with foreign counterparts to execute technical assistance work plans. Measures of traction and impact are expected to improve as the program continues to refine and strengthen its approach to remote assistance and eventually transitions back to in-person assistance.

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 accordance with the Foreign Aid Transparency and Accountability Act (FATAA), OTA continues to strengthen its ability to measure the results of its technical assistance projects. In 2020, OTA completed 52 project-specific Logical Frameworks that document project goals and expected outcomes, as well as the activities and outputs expected to lead to their successful realization.

In 2020, OTA made progress towards implementing independent (third-party) evaluations of OTA technical assistance engagements, as required by the FATAA. Specifically, OTA worked with the Treasury Operations Bureau (procurement office) to develop a solicitation for procurement of independent evaluation services. In 2021, OTA anticipates award of the contract and completion of the design methodology that will be used to evaluate the effectiveness of OTA's technical assistance projects. Independent evaluation reports will strengthen OTA's ability to document the extent to which the objectives documented in the Logical Frameworks are achieved for each technical assistance project. Once the evaluation regime is fully implemented, each OTA project will be subject to an independent evaluation at its midpoint (generally after the second year of technical assistance activities) and 6-12 months after a project concludes. The results and lessons gained from evaluations will be integrated, as appropriate, into future technical assistance activities, and made available to the public as required by the FATAA.

VI. Achievements

As described in the previous section, Treasury measures the results of technical assistance on a project-by-project basis, ranging from engagements that meet – or in some cases exceed – project objectives, to those that underperform, or result in little or no improvement. With respect to 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 management 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 5% of TIATA-funded projects, per year. This has been the case since at least 2017 when OTA began collecting data on this on an annual basis. In 2020, four of the 84 bilateral assistance projects that the program approved using TIATA funds were ultimately curtailed or ended early due to poor performance.

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 2020, a number of OTA partner countries demonstrated such commitment and made significant achievements with OTA assistance. Notable accomplishments include the following:

Budget and Financial Accountability

Indonesia Develops Cash Management Strategy. The Ministry of Finance of Indonesia began implementing key processes and tools to enable the government to reach internationally accepted standards for cash management, which is a critical aspect of the government's public financial management reform efforts. As part of a reprioritized workplan focusing on the challenges presented by COVID-19, OTA assistance focused on implementing policies and procedures for automatic payments to government vendors, including telecommunication and utility services, to enhance visibility and predictability of such payments. OTA also supported the Ministry's efforts to implement a business intelligence tool to obtain high-value information, such as trends in budget execution (revenues and expenditures), to support the public financial management decision-making process. Once fully implemented, the tool, which incorporates a data dashboard to monitor key financial management performance indicators and improve the predictability of cash flow forecasts, will help increase data digitization, thereby providing the government with more timely and actionable cash flow information as it seeks to invest anticipated cash surpluses and to borrow to finance anticipated shortfalls.

Botswana Conducts Comprehensive Public Financial Management Review. OTA supported and built capacity for Botswana to conduct a comprehensive assessment of its public finances – known as a Public Expenditure and Financial Accountability (PEFA) assessment.⁴ OTA facilitated nearly all aspects of the review, including the composition of the assessment team, data requirements and sources, and the drafting of the final report. The assessment, which evaluated the government's performance against 31 standard PEFA indicators across seven broad areas of activity (e.g., budget reliability, transparency, accounting/reporting, audit), revealed a mixed picture in terms of the Botswana's management of public finances. The results of the review were endorsed by the PEFA Secretariat, which operates as a part of the World Bank, indicating that the assessment and the report of findings were developed and executed according to the recognized methodology. The government is using the results of the assessment to develop a multi-year public financial management reform strategy.

Revenue Administration and Policy

Zambia Strengthens Transfer Pricing Auditing Regime. The Zambia Revenue Authority (ZRA), with support from OTA, strengthened its transfer pricing auditing and analytical capacity resulted in the identification of the loss of \$76 million in tax revenue associated with the implementation of a tax treaty between Zambia and the Indian Ocean island nation of Mauritius. The lost revenue, which occurred over a five-year period from 2013 to 2018, was the result of multi-national corporations operating in both countries improperly deducting certain management fees under the treaty, thereby

⁴ The PEFA program was initiated in 2001 by seven international development partners: The European Commission, International Monetary Fund, World Bank, and the governments of France, Norway, Switzerland, and the United Kingdom. It provides a framework for assessing and reporting on the strengths and weaknesses of public financial management using quantitative indicators to measure performance.

reducing their tax liability in Zambia. As a result of this finding by the ZRA, Zambia's executive branch voted to end the country's tax treaty with Mauritius.

Latin American Countries Work Together to Strengthen Anti-Corruption Measures in Revenue Administration. Tax administration officials from several Latin American countries participated in a virtual meeting facilitated by OTA to exchange ideas to strengthen anti-corruption measures, including to address new and emerging risks related to tax policy changes resulting from the economic and fiscal challenges of the COVID-19 pandemic. The meeting, held in December, included 60 representatives from tax administrations in current and former OTA partner countries, including Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Honduras, Panama, Paraguay, and Peru. The participants discussed challenges to maintain existing anti-corruption controls; implementing new controls in adherence to regulations and tax relief measures put into effect by governments and tax administrations in response to the pandemic; and identifying possible fraud and corruption that arise from the application of new regulations and tax relief measures. This was the second such meeting of Latin American tax administration officials convened by OTA, following a similar event in 2019 focused on peer-to-peer learning and tax regime strengthening.

Government Debt and Infrastructure Finance

Kenya Adopts Debt Policy Framework. Kenya's National Treasury created a new framework to manage the government's debt issuance and management. The framework, which was developed with OTA assistance, establishes a uniform and more transparent approach to the timing and purpose of all borrowing by the government in the domestic market, as well as how government debt will be managed. This innovative and strengthened approach ends the previous practice of ad-hoc borrowing and imposes greater fiscal discipline. OTA also assisted in developing an analytical framework to inform the Kenyan government's efforts to support – through the allocation of \$1.2 billion in resources – public sector entities, including state-owned enterprises, that faced significant revenue shortfalls due to restrictions and slowdown in business activity caused by the COVID-19 pandemic.

Ecuador Restructures Public Debt. Faced with historic economic and fiscal challenges exacerbated by the COVID-19 pandemic and resultant fall in oil prices, Ecuador successfully restructured a majority of the country's public debt (external and domestic). OTA advised its counterparts at the Ministry of Economy and Finance on the design of the restructuring, which affected debt principal totaling approximately 35% of GDP and resulted in \$16 billion in cash flow relief to the government and a more manageable debt profile through 2030. In addition, with OTA assistance the government developed and approved a series of legal changes to strengthen public financial management, including through publication of a yield curve for domestic government debt and increased transparency of public accounts and transactions.

Paraguay Strengthens Liability Management.

The Ministry of Finance, with support from OTA, successfully updated its public debt law to reduce both public debt risk and interest expense through enhanced liability operations. Consistent with the revised legal framework, known formally as the Law 6638, the government implemented its first liability management transaction, executing debt exchanges, extending debt maturities, and creating new benchmarks for \$826 million in outstanding public debt. The fully market-based operation achieved the lowest interest rate for a global bond in the country's history (2.7390%), lowering annual interest costs by \$4.4 million and raising an additional \$500 million to support government financing needs.

India's Sovereign Wealth Fund Invests in Key Sectors. India's National Investment and Infrastructure Fund (NIIF) continued to achieve key milestones to become the largest infrastructure investment vehicle in India and a model for international investment in emerging markets globally. In 2020, NIIF finalized over \$107 million in additional investor capital for its master fund, including from the U.S. Development Finance Corporation, resulting in a final close for the fund at \$2.3 billion, exceeding its target of \$2.1 billion. The NIIF used its growing assets to invest in sectors key to India's economic growth, including transportation, logistics, and renewable energy. OTA has provided assistance to the NIIF since the appointment of the fund's first Executive Director in 2017, with a focus on strengthening governance, including through implementation of an independent board, building a professional staff, and developing partnering strategies for international investment, among other activities.

Banking and Financial Services

Dominican Republic Expands Access to Finance. The Central Bank of the Dominican Republic (CBRD) and the Ministry of Commerce and Industry undertook important legal and regulatory reforms with OTA support to help create an enabling environment for secured (collateralized) transactions reform, which is a key element of the country's financial inclusion strategy. The CBRD developed and secured approval of a secured transactions law and sent to Congress a secured transactions reform bill. The CBRD also began developing laws regarding leasing and factoring (sale of accounts receivable), which is designed to further increase access to finance, particularly for micro, small, and medium enterprises (MSMEs). The Dominican Republic has also committed to the creation of a new secured transactions registry to facilitate implementation and widespread usage of newly available financial products and services.

Paraguay Advances Secured Transactions. The Banco Central del Paraguay (BCP) made significant legal and regulatory progress towards expanding access to finance for underserved segments of the population, in particular MSMEs. With OTA support, BCP addressed gaps in Paraguay's secured (collateralized) transaction framework by drafting new factoring, leasing, and secured transaction laws, as well as working to establish factoring and secured transactions registries. In 2020, the factoring law was approved, and the factoring registry went live, expanding the range of financial tools available to MSMEs and other actors in the local economy.

Madagascar Expands Insurance Offerings. Madagascar passed a new insurance law that broadens the range of product offerings to include microinsurance, digital insurance, and index insurance; the new law also allows for the sale and administration of these products by non-traditional distribution channels. These changes, implemented with OTA support, address longstanding challenges faced by the Malagasy population – particularly its rural population – in accessing affordable and relevant insurance products. Additionally, the Central Bank approved the launch of a pilot index insurance product, which pays out policy holders in the event of an objective climatic event (flooding, drought, storms, pestilence) without the submission of a claim of loss. This pilot program protected 143 low-income agricultural producers to be quickly and easily paid before suffering catastrophic loss to their income.

Economic Crimes

Zambia Customs and Drug Enforcement Formalize Cooperation. The Zambian Revenue Authority (ZRA) executed a memorandum of understanding with the Zambian Drug Enforcement Commission (DEC) to share customs and immigration, as well as various tax and money laundering information. By formalizing and improving communication, the agencies are seeking to strengthen efforts to combat tax crimes, money laundering, drug trafficking and other crimes. The issue of cross border information sharing was identified by OTA in early discussions with DEC senior management, who worked with the DEC and the ZRA in drafting the agreement that creates and outlines an information exchange process.

Argentine Judge Ratifies Hezbollah Terrorist Designation. With assistance from the financial intelligence unit (FIU), an Argentine judge ratified the terrorist designation of Hezbollah and various associates. The U.S. Treasury, including OTA and the Office of Terrorist Financing and Financial Crimes, and U.S. law enforcement agencies provided substantial assistance and guidance to the FIU in developing the designation mechanism and supporting the ratification. OTA assistance to the FIU helped improve staff understanding of sanctions mechanisms and the exchange of information related to sanctions.

Cabo Verde Seizes Outbound Cash. The Cabo Verde Customs conducted its first outbound currency seizure of 40,000 euros at Praia Nelson Mandela International Airport. The seizure followed the implementation of a plan developed with OTA assistance to screen outbound flights for non-declared currency. Customs implementation and enforcement of currency declarations allows Cabo Verde to monitor currency flows and detect those that may be related to illicit activity, thereby providing valuable information to the country's ability to combat money laundering and terrorist financing.

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

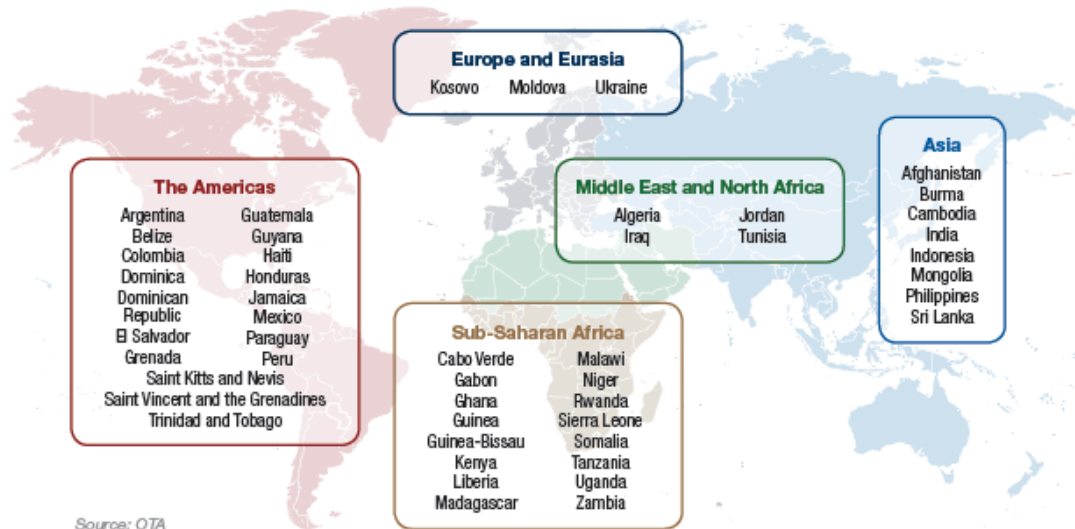
Desired Outcomes

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

2020 TIATA Budget Execution Plan

Projects Funded by FY 2020 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>
OTA3088	1 Argentina	CRME	Resident		\$ 818,594	\$ 818,594
OTA4064	2 Argentina IFT	DEBT	Resident		\$ 608,894	\$ 608,894
OTA5056	3 Argentina	RVNU	Project Coordinator + Intermittent		\$ 471,431	\$ 471,431
OTA1058	4 Argentina 02	BANK	Resident		\$ 600,714	\$ 600,714
OTA3087	5 Belize	CRME	Intermittent	\$ 241,820	\$ 118,039	\$ 359,859
OTA1086	6 Brazil	BANK	Intermittent		\$ 285,395	\$ 285,395
OTA4080	7 Brazil IFT	DEBT	Resident		\$ 635,763	\$ 635,763
OTA1088	8 Chile	BANK	Intermittent		\$ 215,134	\$ 215,134
OTA4101	9 Colombia IFT 02	DEBT	Resident		\$ 840,862	\$ 840,862
OTA5062	10 Colombia	RVNU	Intermittent		\$ 146,877	\$ 146,877
OTA1077	11 Costa Rica (Financial Inclusion)	BANK	Intermittent		\$ 142,627	\$ 142,627
OTA5067	12 Costa Rica 02	RVNU	Project Coordinator + Intermittent		\$ 602,206	\$ 602,206
OTA1060	13 Dominican Republic (Financial Inclusion)	BANK	Intermittent		\$ 255,391	\$ 255,391
OTA3093	14 Dominican Republic	CRME	Intermittent		\$ 577,335	\$ 577,335
OTA5052	15 Dominican Republic	RVNU	Project Coordinator + Intermittent		\$ 632,682	\$ 632,682
OTA1080	16 Ecuador	BANK	Resident		\$ 1,164,934	\$ 1,164,934
OTA3101	17 Ecuador	CRME	Intermittent		\$ 137,853	\$ 137,853
OTA4081	18 Ecuador 01	DEBT	Resident		\$ 856,007	\$ 856,007
OTA1087	19 Ecuador 02	BANK	Intermittent		\$ 226,610	\$ 226,610
OTA5063	20 Ecuador	RVNU	Project Coordinator + Intermittent		\$ 663,333	\$ 663,333
OTA4082	21 Ecuador IFT	DEBT	Resident		\$ 888,377	\$ 888,377
OTA5033	22 Guyana	RVNU	Project Coordinator + Intermittent		\$ 439,751	\$ 439,751
OTA2030	23 Honduras 01	BDGT	Intermittent		\$ 326,401	\$ 326,401
OTA2044	24 Honduras 02	BDGT	Intermittent		\$ 286,589	\$ 286,589
OTA1052	25 Jamaica (Financial Inclusion)	BANK	Intermittent		\$ 178,555	\$ 178,555
OTA2065	26 Jamaica	BDGT	Resident		\$ 836,303	\$ 836,303
OTA4086	27 Jamaica (IFT)	DEBT	Resident		\$ 651,690	\$ 651,690
OTA2081	28 Panama 02	BDGT	Resident		\$ 863,266	\$ 863,266
OTA4078	29 Panama IFT	DEBT	Intermittent		\$ 150,575	\$ 150,575
OTA1066	30 Paraguay (Financial Inclusion)	BANK	Intermittent		\$ 235,115	\$ 235,115
OTA2043	31 Paraguay	BDGT	Resident		\$ 812,886	\$ 812,886
OTA3054	32 Paraguay	CRME	Resident		\$ 52,191	\$ 52,191
OTA4063	33 Paraguay	DEBT	Resident		\$ 631,705	\$ 631,705
OTA1051	34 Peru (Financial Inclusion)	BANK	Resident		\$ 43,561	\$ 43,561
OTA4039	35 Peru IFT	DEBT	Intermittent		\$ 87,831	\$ 87,831
OTA2084	36 Trinidad and Tobago	BDGT	Intermittent		\$ 100,138	\$ 100,138
	Subtotal Latin America and Caribbean			\$ 241,820	\$ 16,585,615	\$ 16,827,435

	ASIA	Team	Advisor Category	Co-Financing	TIATA	Total
OTA4058	37 India IFT	DEBT	Intermittent		\$ 305,943	\$ 305,943
OTA4102	38 India 03	DEBT	Intermittent		\$ 149,052	\$ 149,052
OTA1079	39 Indonesia (Financial Inclusion)	BANK	Intermittent		\$ 214,810	\$ 214,810
OTA2059	40 Indonesia	BDGT	Resident		\$ 931,736	\$ 931,736
OTA4036	41 Indonesia IFT	DEBT	Resident		\$ 140,231	\$ 140,231
OTA1081	42 Kazakhstan	BANK	Intermittent		\$ 207,048	\$ 207,048
OTA4079	43 Maldives	DEBT	Intermittent		\$ 284,893	\$ 284,893
OTA5068	44 Maldives	RVNU	Intermittent		\$ 494,432	\$ 494,432
OTA2005	45 Mongolia	BDGT	Intermittent	\$ 2,909	\$ 240,093	\$ 243,002
OTA3091	46 Mongolia	CRME	Resident		\$ 663,129	\$ 663,129
OTA4077	47 Mongolia 02 IFT	DEBT	Intermittent		\$ 181,593	\$ 181,593
OTA5059	48 Papua New Guinea	RVNU	Project Coordinator + Intermittent		\$ 288,784	\$ 288,784
OTA1082	49 Philippines 02	BANK	Resident		\$ 855,328	\$ 855,328
OTA4056	50 Philippines IFT	DEBT	Resident		\$ 896,001	\$ 896,001
OTA1069	51 Sri Lanka	BANK	Resident	\$ 590,119	\$ 743,488	\$ 1,333,607
OTA4040	52 Sri Lanka	DEBT	Resident	\$ 124,068	\$ 589,435	\$ 713,503
OTA2080	53 Uzbekistan	BDGT	Resident		\$ 969,987	\$ 969,987
OTA4087	54 Uzbekistan	DEBT	Resident		\$ 970,204	\$ 970,204
OTA2007	55 Vietnam	BDGT	Intermittent		\$ 627,395	\$ 627,395
OTA4083	56 Vietnam IFT	DEBT	Resident		\$ 766,329	\$ 766,329
	Subtotal Asia			\$ 717,096	\$ 10,519,911	\$ 11,237,007
	EUROPE	Team	Advisor Category	Co-Financing	TIATA	Total
OTA3099	57 Estonia	CRME	Intermittent		\$ 227,174	
OTA3100	58 Latvia	CRME	Resident		\$ 652,339	
	Subtotal Europe			\$ -	\$ 879,513	\$ -

	<u>SUB-SAHARAN AFRICA</u>	<u>Team</u>	<u>Advisor Category</u>	<u>Co-Financing</u>	<u>TIATA</u>	<u>Total</u>
OTA3095	59 Angola	CRME	Intermittent	\$ 65,000	\$ 520,313	\$ 585,313
OTA2072	60 Botswana	BDGT	Resident		\$ 916,511	\$ 916,511
OTA3096	61 Botswana	CRME	Intermittent		\$ 585,881	\$ 585,881
OTA5057	62 Cameroon	RVNU	Project Coordinator + Intermittent		\$ 590,237	\$ 590,237
OTA5049	63 Cote D'Ivoire	RVNU	Project Coordinator + Intermittent		\$ 551,687	\$ 551,687
OTA1083	64 Ethiopia	BANK	Resident		\$ 1,437,131	\$ 1,437,131
OTA4085	65 Ethiopia IFT	DEBT	Resident	\$ 418,997	\$ 230,012	\$ 649,009
OTA1078	66 Guinea	BANK	Intermittent		\$ 556,813	\$ 556,813
OTA4018	67 Kenya	DEBT	Resident		\$ 832,519	\$ 832,519
OTA4099	68 Kenya IFT	DEBT	Resident		\$ 348,550	\$ 348,550
OTA1090	69 Liberia	BANK	Intermittent		\$ 34,571	\$ 34,571
OTA1054	70 Madagascar 01 (Financial Inclusion)	BANK	Resident		\$ 750,380	\$ 750,380
OTA1084	71 Madagascar 02 (Insurance Supervision)	BANK	Intermittent		\$ 403,000	\$ 403,000
OTA1085	72 Madagascar 03 (Deposit Insurance)	BANK	Intermittent		\$ 175,000	\$ 175,000
OTA2056	73 Madagascar	BDGT	Resident		\$ 846,602	\$ 846,602
OTA4066	74 Madagascar	DEBT	Resident		\$ 850,510	\$ 850,510
OTA5047	75 Rwanda	RVNU	Project Coordinator + Intermittent		\$ 381,367	\$ 381,367
OTA1055	76 Sierra Leone	BANK	Resident		\$ 1,235,483	\$ 1,235,483
OTA2082	77 Sierra Leone	BDGT	Intermittent		\$ 378,192	\$ 378,192
OTA3092	78 Sierra Leone	CRME	Intermittent		\$ 503,935	\$ 503,935
OTA5064	79 Sierra Leone	RVNU	Project Coordinator + Intermittent		\$ 455,774	\$ 455,774
OTA2074	80 The Gambia	BDGT	Resident		\$ 6,500	\$ 6,500
OTA2054	81 Uganda 01	BDGT	Intermittent		\$ 307,362	\$ 307,362
OTA4100	82 Uganda 03 IFT	DEBT	Resident		\$ 461,529	\$ 461,529
OTA3098	83 Zambia	CRME	Intermittent		\$ 481,999	\$ 481,999
OTA5028	84 Zambia	RVNU	Intermittent		\$ 117,582	\$ 117,582
	Subtotal Sub-Saharan Africa			\$ 483,997	\$ 13,959,440	\$ 14,443,437

		<u>Team</u>	<u>Advisor Category</u>	<u>Co-Financing</u>	<u>TIATA</u>	<u>Total</u>
	SENIOR ADVISORS					
OTA1013	85	Senior Advisor (AFR+EUR)	BANK		\$ 513,365	\$ 513,365
OTA1076	86	Senior Advisor (DC-Based)	BANK		\$ 372,809	\$ 372,809
OTA1050	87	Senior Advisor (Financial Inclusion)	BANK		\$ 506,544	\$ 506,544
OTA2015	88	Senior Advisor	BDGT		\$ 559,345	\$ 559,345
OTA2016	89	Senior Advisor - Cash Management	BDGT		\$ 554,869	\$ 554,869
OTA3023	90	Senior Advisor I	CRME		\$ 677,686	\$ 677,686
OTA3024	91	Senior Advisor II	CRME		\$ 546,921	\$ 546,921
OTA4016	92	Senior Advisor Debt	DEBT		\$ 516,865	\$ 516,865
OTA4054	93	Senior Advisor IFT	DEBT		\$ 481,475	\$ 481,475
OTA5011	94	Senior Advisor	RVNU		\$ 657,390	\$ 657,390
	Subtotal Senior Advisors			\$ -	\$ 5,387,269	\$ 5,387,269
	GRAND TOTAL			\$ 1,442,913	\$ 47,331,748	\$ 48,774,661
Note: Co-funding amounts may reflect funds intended for more than year. Amounts listed reflect available budget authority in FY20.						

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

2020 Non-TIATA Sources of Funding

Treasury International Affairs Technical Assistance (TIATA)

Table B			
2020 Non-TIATA Sources of Funding			
Treasury International Affairs Technical Assistance (TIATA)			
		Transfer	
<u>Purpose</u>	<u>Source</u>	<u>Category</u>	<u>Amount</u>
Assistance for Europe, Eurasia and Central Asia	State	632(b)	\$15,094,520
Technical Assistance for Domestic Resource Mobilization	USAID	632(b)	\$100,000
TOTAL			\$15,194,520