

DEPARTMENT OF THE TREASURY

Treasury Technical Assistance
Debt Restructuring

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Treasury Technical Assistance

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
TTA	18,848	19,800	23,700

The FY 2007 request for Treasury International Affairs Technical Assistance is \$23.7 million. The program provides financial advisors to countries seeking assistance in implementing significant economic reforms, especially during critical periods of transition to market-based economies. The program supports economic policy and financial management reforms, focusing on the functional areas of budget, taxation, government debt, financial institutions, and financial crimes law enforcement.

In FY 2007, it is estimated that \$5.47 million of the request will be used by Treasury Technical Assistance to fund resident and short-term advisor projects with countries combating terrorist finance activity. A large portion of the request (32%) will be used for assistance programs in sub-Saharan Africa, supporting economic and financial reforms in countries receiving Heavily Indebted Poor Countries (HIPC) debt relief, and other areas of emphasis. Over a quarter of the request (25.7%) will be used to carry out projects in the Greater Middle East, including Afghanistan, Iraq, and Jordan.

Debt Restructuring

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
DR	99,200	64,350	182,799

The FY 2007 request is \$182.8 million for debt restructuring programs including bilateral Heavily Indebted Poor Countries (HIPC) and poorest country debt reduction, HIPC Trust Fund, and Tropical Forest Conservation Act programs.

For the poorest countries, debt reduction provides an incentive to implement macro-economic and structural reforms necessary for economic growth and also frees up resources for poverty reduction efforts. The FY 2007 request includes approximately \$175 million that is required to cover the cost of completing bilateral debt reduction for the Democratic Republic of Congo.

The Tropical Forest Conservation Act (TFCA) received strong bipartisan support and was signed into law in 1998. The program allows for reduction of U.S. concessional debt and redirection of payments in local currency in eligible countries to support programs to conserve tropical forests.