

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

PD - AAN - 519

OCT 18 1983 ISN 32269

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, BUREAU FOR
LATIN AMERICA AND THE CARIBBEAN (AA/LAC)

FROM: LAC/DR, Dwight Johnson

Irwin Levy

SUBJECT: Deauthorization of Dominican Republic (DR) Tripartite
Housing Program, HG Project No. 517-HG-009

Problem: To rescind the authorization for DR HG Project No.
517-HG-009.

Discussion: On September 30, 1981, the Acting Assistant
Administrator for Latin America and the Caribbean authorized
the issuance of Housing Guaranties of up to \$15,000,000 to the
Banco Nacional de la Vivienda (BNV) for the DR. As no
borrowing has occurred under this HG Project, the full
authorized amount remains subject to deauthorization. Neither
the BNV nor AID intend to use the \$15,000,000 of guaranty
authorization for the Tripartite Program as authorized.

The DR Tripartite Housing Program provided for a joint effort
by the BNV and GODR and private employers to finance low income
housing for employees of participating employers through the
savings and loan system with little GODR subsidy. The BNV
failed to borrow for two reasons: (1) prior to fall 1982, high
U.S. market interest rates deterred the BNV; and (2) in the
fall of 1982, when HG loan rates declined to acceptable levels
for the BNV, the initiation of a large National Housing
Institute (INVI) program of highly subsidized units for sale to
the same target population as the HG project effectively
eliminated demand for the savings and loan sponsored HG low
income housing program. The GODR was informed by AID that the
HG loan had to be contracted by June 30, 1983 or it would be
deauthorized. In response, the GODR requested that the project
implementing agency be changed from BNV to INVI and that the
loan gurantee be increased from \$15 to \$30 millicn. AID
determined this proposal to be outside the scope of the
Tripartite Program and informed the USAID Mission that AID/W
would proceed to deauthorize the Program and would consider
separately any new DR proposals.

Recommendation: That you approve rescission of the authorization of HG Project No. 517-HG-009 and hereby deauthorize the Project.

Approve Smayley

Disapprove _____

Date Oct 15, 1983

Clearances:

PRE/H, J. Howley JH

P. Vitale PV

F. Conway FC

H. Kaufman HK

GC/LAC, R. Meighan RM

LAC/DR, I. Levy IL

DAA/LAC, M. Brown MB

RHUDO/CAR, S. Frankel Substance

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Doc#0857P