

EL SALVADOR
BALANCE OF PAYMENTS
SUPPORT PROGRAM

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I N T R O D U C T I O N

THE BALANCE OF PAYMENTS SUPPORT PROGRAM (BOPS) IN EL SALVADOR HAS BEEN IN EFFECT SINCE 1980.

SINCE ITS INCEPTION, THE PROGRAM HAS CONSISTED OF PROJECTS 519-0267 AND 519-0310. PROJECT 519-0267 PROVIDED \$405 MILLION WHILE PROJECT 519-0310 HAS PROVIDED \$160 MILLIONS.

COMMENCING WITH PROJECT 519-0310 IN JUNE OF 1985, A SEPARATE ACCOUNT WAS ESTABLISHED TO MANAGE THE BOPS FUNDS.

THE FUNDS ARE PROVIDED TO THE GOVERNMENT OF EL SALVADOR (GOES) WHICH IN TURN PROVIDES AN EQUIVALENT AMOUNT OF LOCAL CURRENCY FOR USES MUTUALLY AGREED UPON BY GOES AND AID.

THE DOLLARS PROVIDED GOES THRU THIS PROGRAM ARE MADE AVAILABLE TO THE PRIVATE SECTOR TO PROVIDE FOREIGN EXCHANGE FOR THE IMPORTATION OF PRODUCTS WITHIN SPECIFIED PRODUCT CATEGORIES AND ECONOMIC SUB-SECTORS.

AS PART OF THE CONTROL MEASURES TO ENSURE PROPER UTILIZATION OF THIS FOREIGN EXCHANGE RESOURCE, THE CENTRAL BANK (BCR) HAS INTITUTED A PRICE VERIFICATION UNIT (PCU). TRANSACTIONS ARE NOW INDEPENDENTLY SELECTED VIA AN AUTOMATED SELECTION PROCESS AND REVIEWED FOR PRICING INTEGRITY BY THE PCU DEPARTMENT OF THE BCR. THIS DEPARTMENT HAS 14 FULL TIME PROFESSIONALS WHO CURRENTLY REVIEW 100% OF ALL TRANSACTIONS TO BE PROVIDED FOREIGN EXCHANGE FROM PROJECT 0310 FUNDS.

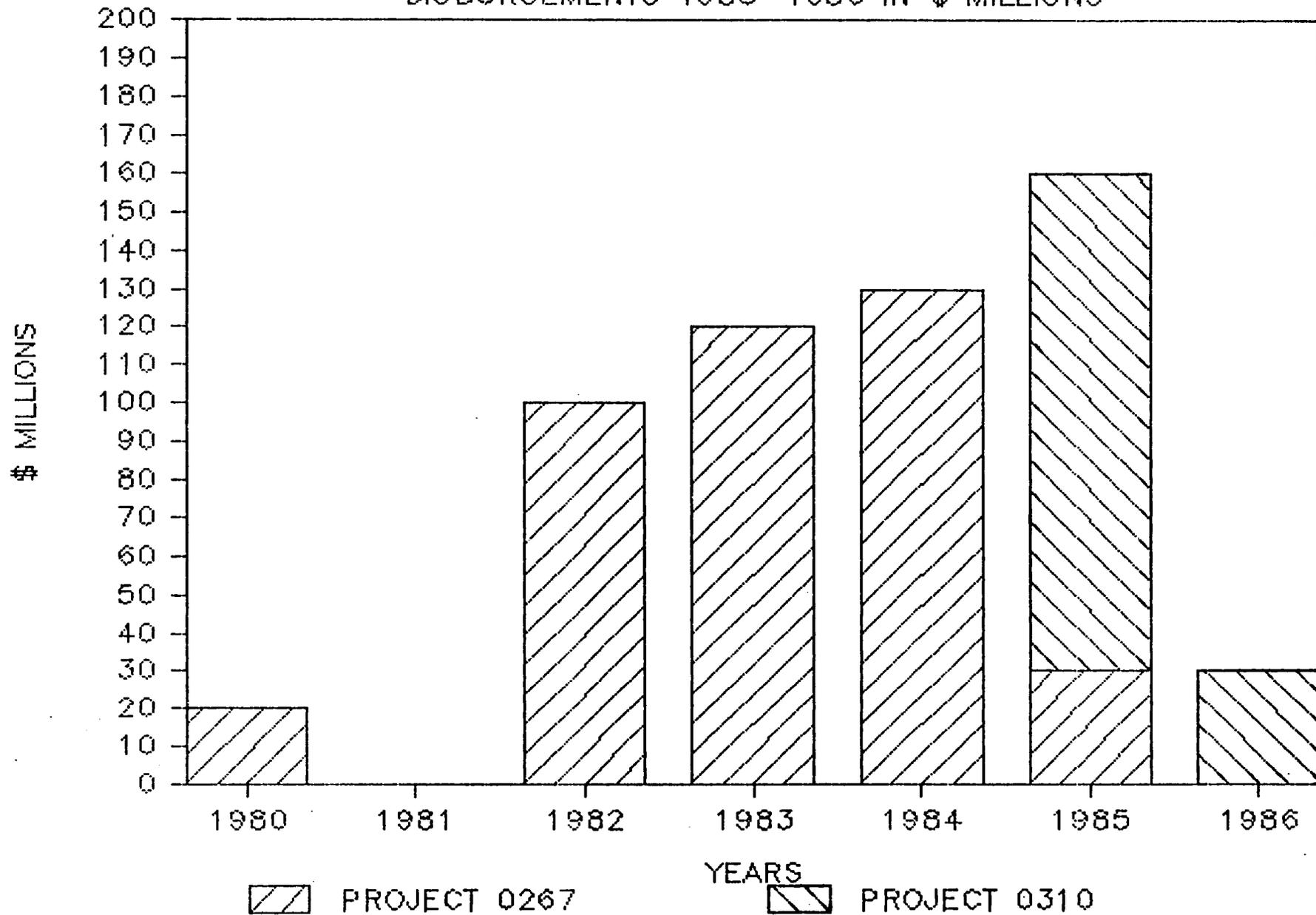
IN ADDITION, USAID/EL SALVADOR CONDUCTS AN ELIGIBILITY REVIEW OF ALL TRANSACTIONS FUNDED THROUGH PROJECTS 519-0267 AND 519-0310. INDEPENDENT PRICE VERIFICATIONS IS ALSO PERFORMED ON A SELECTED SAMPLE OF TRANSACTIONS FUNDED BY THESE PROJECTS AFTER APRIL 1984.

THE IMPLEMENTATION OF THE BALANCE OF PAYMENTS SUPPORT PROGRAM IS MANAGED BY THE PRIVATE ENTERPRISE OFFICE WITH MR. BALTASAR FERREIRO AS PROJECT MANAGER. THE PROGRAM IS COORDINATED AT THE MISSION LEVEL BY THE BALANCE OF PAYMENTS SUPPORT COMMITTEE. ARTHUR YOUNG & COMPANY PROVIDES TECHNICAL ASSISTANCE TO THE CENTRAL BANK PRICE VERIFICATION UNIT AND CONDUCTS THE ELIGIBILITY REVIEW AND INDEPENDENT PRICE VERIFICATION FOR USAID.

NICHOLAS APOSTOL
ARTHUR YOUNG & CO.
PROJECT MANAGER
January 31, 1986.

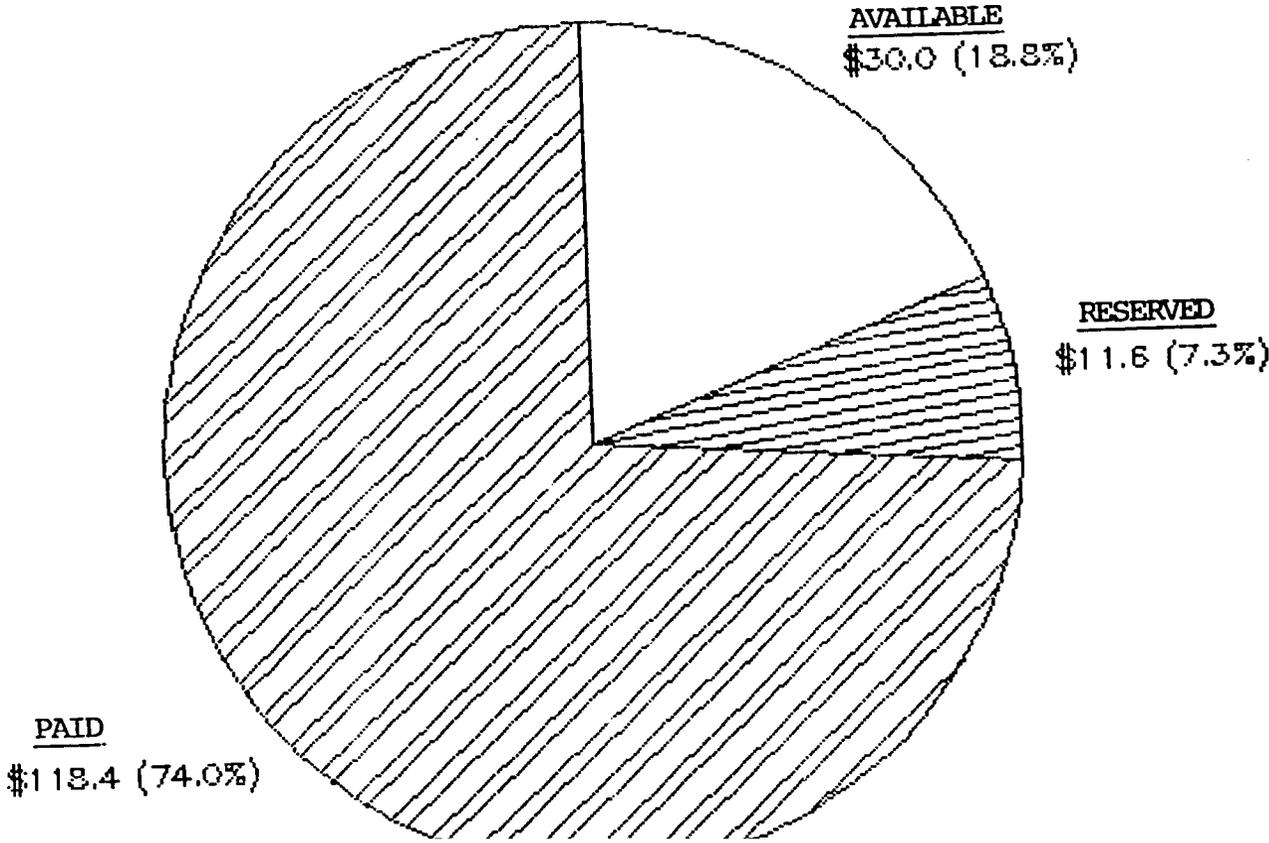
BALANCE OF PAYMENTS

DISBURSEMENTS 1980-1986 IN \$ MILLIONS

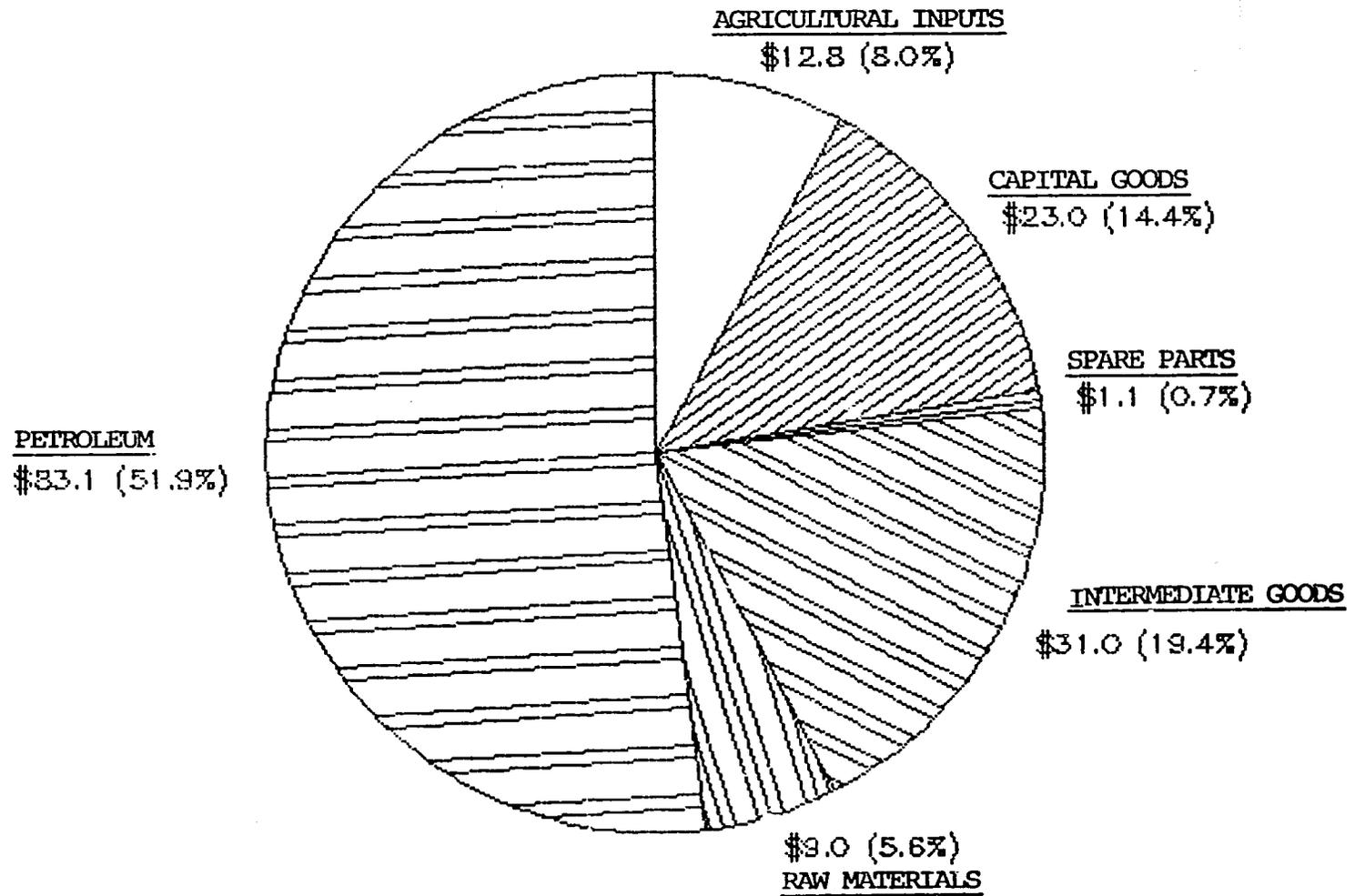


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BALANCE OF PAYMENTS PROGRAM
PROJECT 0310 FUNDS STATUS (IN \$MILLION)



PROJECT 0310 FUNDS
PROJECTED UTILIZATION (\$160 MILLION)



Balance of Payment Projects
PRICE CHECKING UNIT 1985

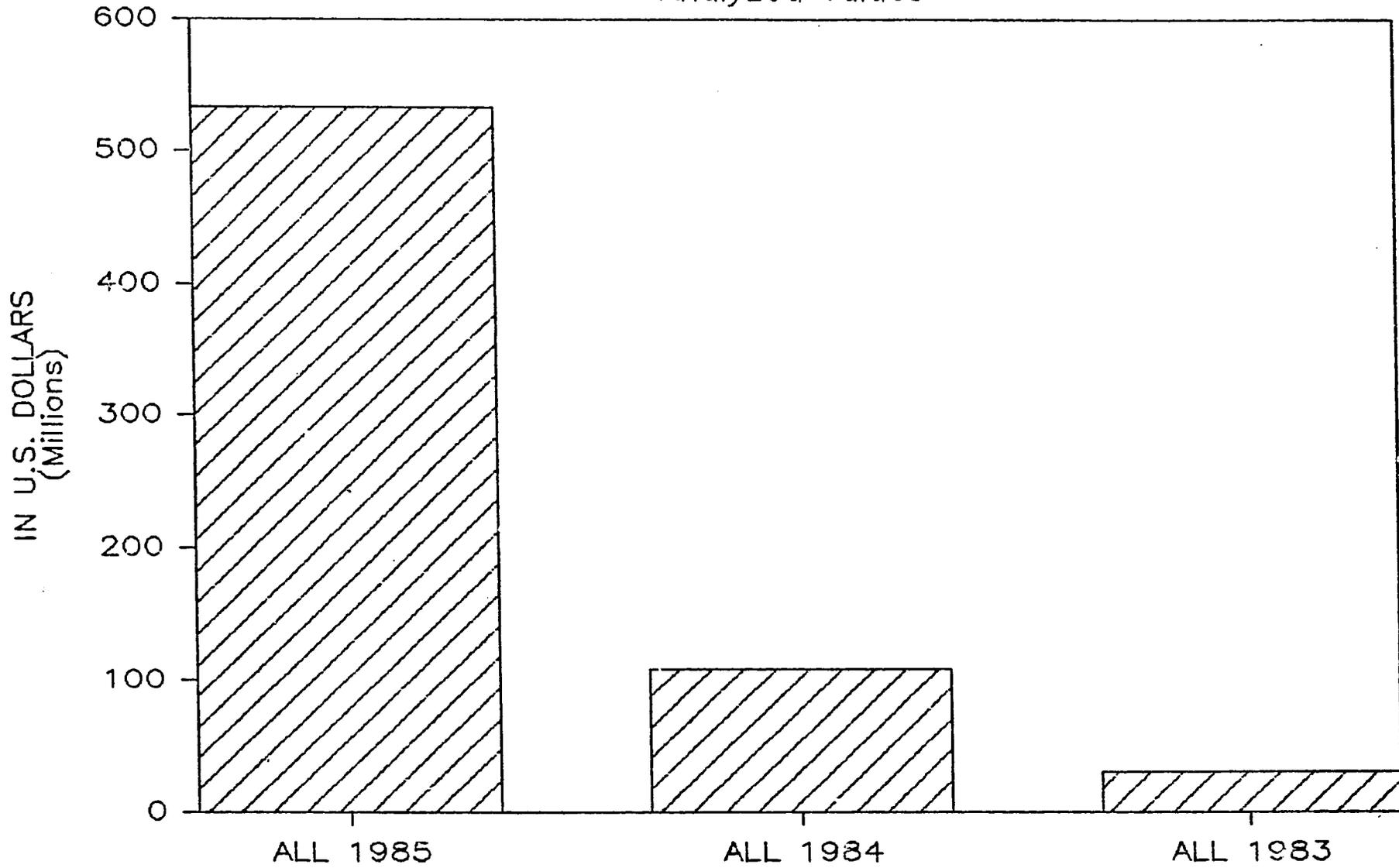
B.R.Ferreiro, PRE
Analyzed transactions

month reported	number of transactions	value of	with excesses number	value in \$	percentage by value	by \$
january	168	7,025,949.78	11	108,215.05	1.54	6.55
february	263	8,164,792.28	8	94,212.15	1.16	3.04
march	749	38,824,449.68	15	267,137.43	0.69	2.00
april	613	37,971,949.95	10	26,589.99	0.07	1.63
may	1471	43,566,199.10	27	95,447.94	0.22	1.84
june	560	22,073,637.61	21	109,993.22	0.50	3.62
july	1343	90,965,031.28	20	242,144.80	0.27	1.45
august	1442	45,950,928.62	22	104,454.19	0.23	1.53
september	2171	77,099,274.93	41	379,327.22	0.49	1.89
october	912	62,793,321.19	36	490,337.93	0.78	3.95
november	848	43,250,271.55	25	322,639.90	0.75	2.96
december	1021	54,428,187.77	7	40,522.32	0.07	0.69
Y-E-T	11576	532,113,993.74	243	2,281,824.13	0.43	2.10
1984 figures	2071	109,250,645.94	115	1,474,625.36	1.35	5.55
1983 figures	568	30,827,300.00	47	887,880.00	2.85	8.27

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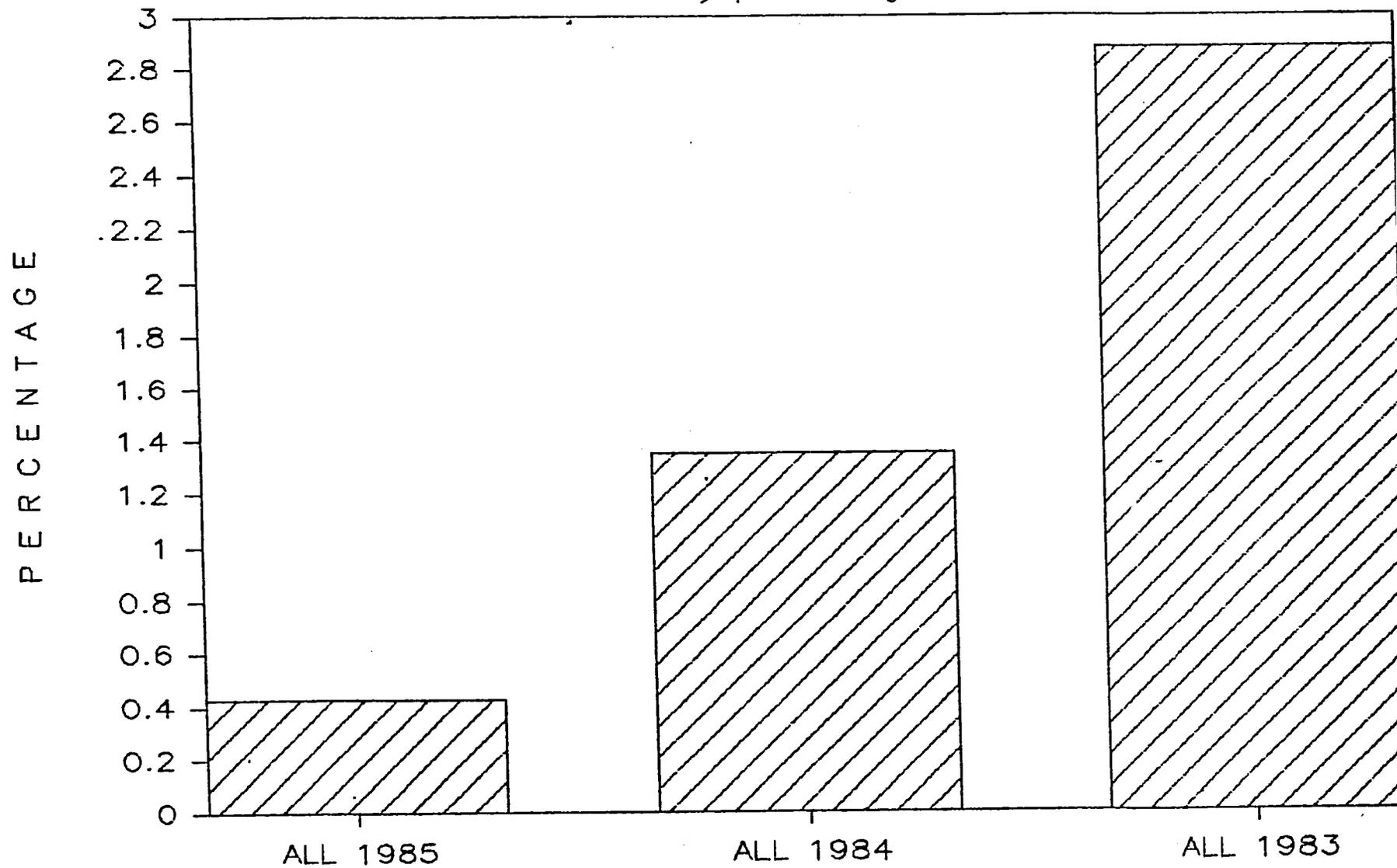
PRICE CHECKING UNIT (BCR)

Analyzed values



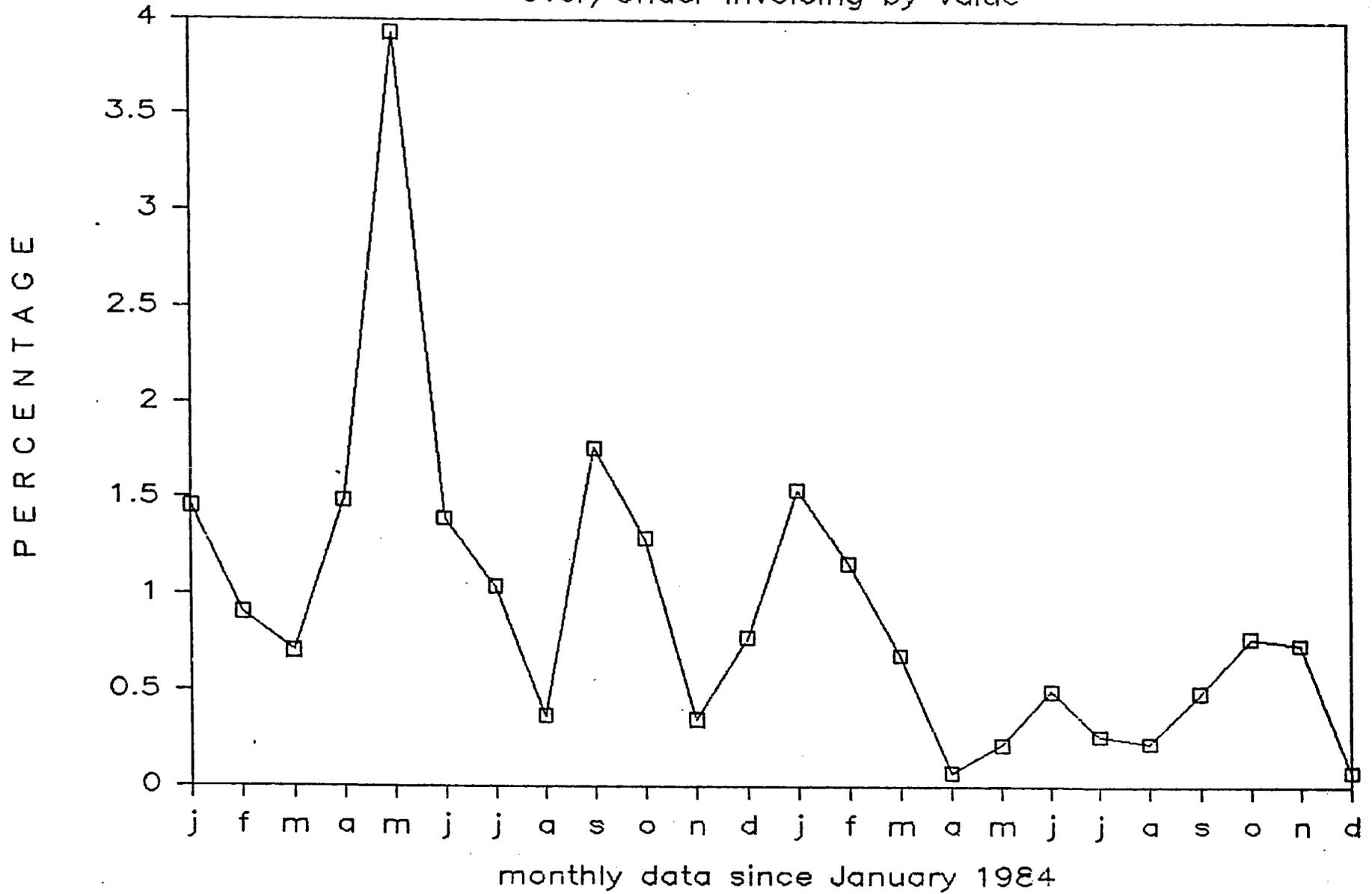
PRICE CHECKING UNIT (BCR)

excesses by percentage of value



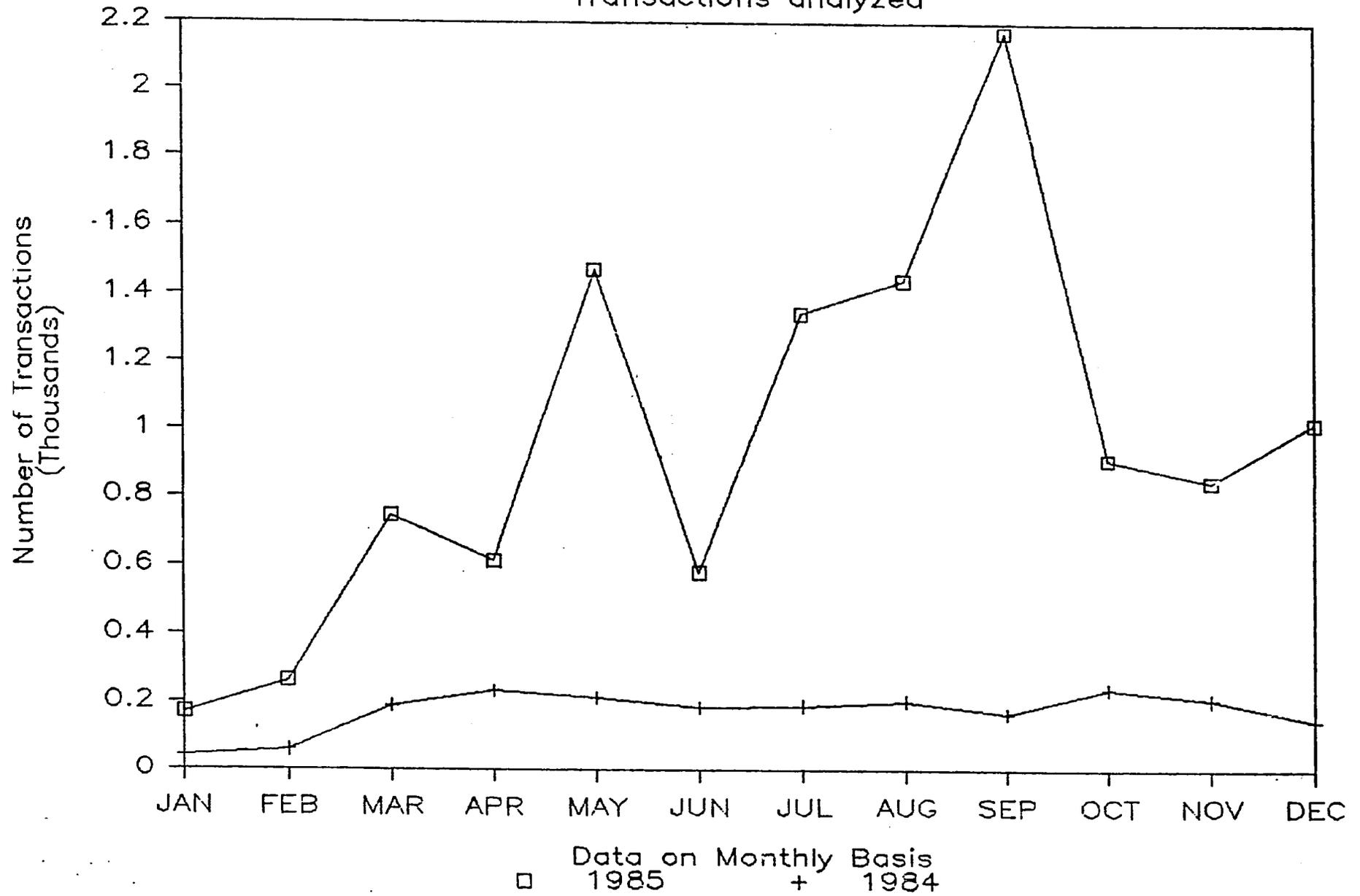
PRICE CHECKING UNIT (BCR)

Over/Under Invoicing by Value



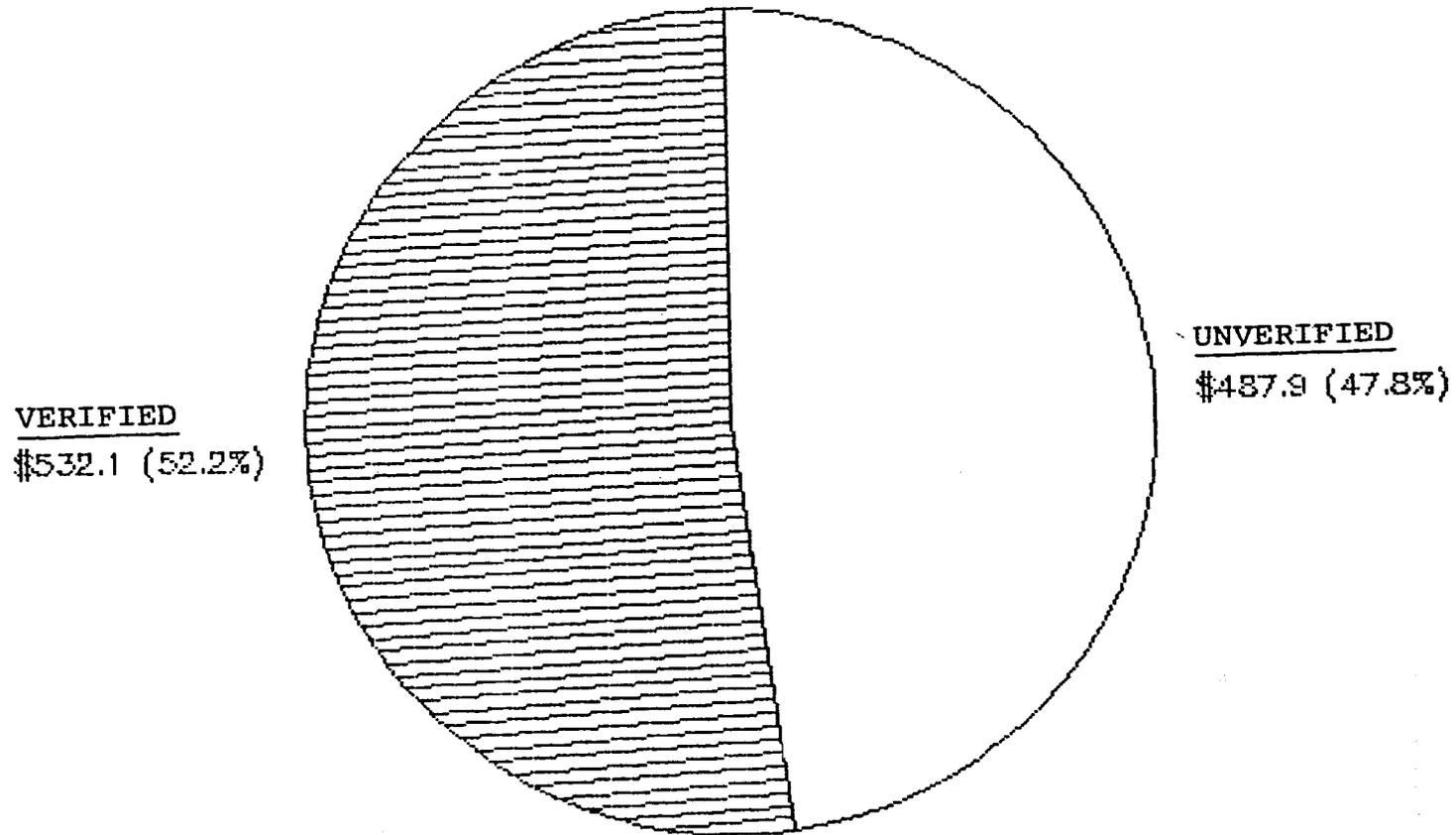
PRICE CHECKING UNIT (BCR)

Transactions analyzed



PRICE CHECKING UNIT
1985 ACTIVITY BY VALUE OF TRANSACTIONS
(\$1,020 MILLION TOTAL IMPORTS*)

* UNOFFICIAL FIGURES

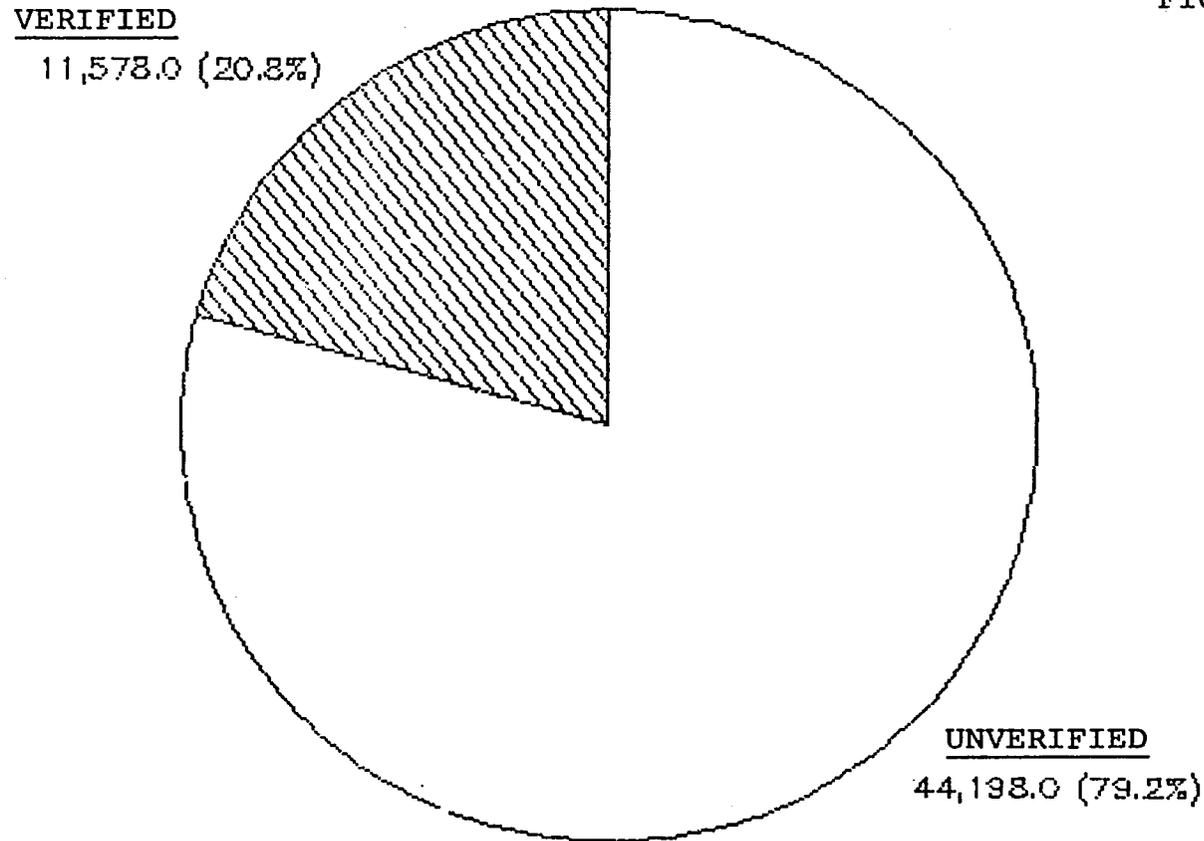


NOTE: OF THE TOTAL IMPORTS, IT IS ESTIMATED THAT SOME \$200 MILLION WERE NOT PROCESSED BY THE BCR. THUS THE EFFECTIVE RATE OF VERIFICATION COULD BE AS HIGH AS 65% BY DOLLAR VALUE.

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PRICE CHECKING UNIT
1985 ACTIVITY BY NUMBER OF TRANSACTIONS
(55,776* TOTAL TRANSACTIONS)

* UNOFFICIAL
FIGURES



NOTE: OF THE TOTAL TRANSACTIONS, APPROXIMATELY 22,000 WERE NOT PROCESSED BY THE BCR. THUS, THE EFFECTIVE RATE OF VERIFICATION WOULD BE APPROXIMATELY 35% BY NUMBER OF TRANSACTIONS.