

AID 1120-1	AGENCY FOR INTERNATIONAL DEVELOPMENT	1. PAAD NO 519-K-609 (Project No. 519-0328) 1986 ESF Balance of Payments
		2. COUNTRY El Salvador
PAAD	PROGRAM ASSISTANCE APPROVAL DOCUMENT	3. CATEGORY Cash Transfer
		4. DATE July 25, 1986
5. TO: A/PRJ: Susan Merrill <i>SM</i>		6. OVD CHANGE NO.
7. FROM: ADIR: Bastiaan Schouten		8. OVD INCREASE
9. APPROVAL REQUESTED FOR COMMITMENT OF: \$ 117,000,000		10. APPROPRIATION - BUDGET PLAN CODE BPC LESA86-35519-KG31
11. TYPE FUNDING <input type="checkbox"/> LOAN <input checked="" type="checkbox"/> GRANT <input type="checkbox"/> INFORMAL <input checked="" type="checkbox"/> FORMAL <input type="checkbox"/> NONE	12. LOCAL CURRENCY ARRANGEMENT	13. ESTIMATED DELIVERY PERIOD FY 86
14. COMMODITIES FINANCED		15. TRANSACTION ELIGIBILITY DATE

16. PERMITTED SOURCE	17. ESTIMATED SOURCE
U.S. only:	U.S.: \$117,000,000
Limited F.W.: \$117,000,000	Industrialized Countries:
Free World:	Local:
Cash: \$117,000,000	Other CACM Including Panama, Excluding Nicaragua Code 941 for Petroleum.

18. SUMMARY DESCRIPTION
The purpose of this Amendment to the Program is to provide an additional \$4.0 million in FY 1986 balance of payments assistance to support economic stabilization and recovery in El Salvador during CY 1986. Conditionality for these Amendment funds has already been contemplated in the original Agreement and PAAD. These funds will be disbursed as part of tranches through the ESF Special Separate Account in the Central Reserve Bank corresponding in amounts equal to funding required for the importation by the private sector of raw materials, intermediate and capital goods, spare parts and agricultural inputs. Source and origin of goods will remain the same as in the original PAAD. The GOES will agree to provide an additional \$4.0 million in local currency equivalent for private sector credit, counterpart for A.I.D. projects, the Agrarian Reform, and other priority public sector programs complementary A.I.D.'s program in El Salvador.

19. CLEARANCES	DATE	20. ACTION
A/DPP: R Veith <i>Rv</i>	7/27/86	<input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED
ECON: R Anderson <i>RA</i>	7/27/86	<i>B. Schouten</i> 7/29/86 AUTHORIZED SIGNATURE DATE Bastiaan Schouten Acting Mission Director, USAID/El Salvador TITLE
PRE: D Hagen <i>DH</i>	7/28/86	
CONT: J Davison <i>JD</i>	7/29/86	
ADDIR: R A Withereill <i>RAW</i>	7/29/86	

AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A. I. D. MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY.
SAN SALVADOR, EL SALVADOR, C. A.

ACTION MEMORANDUM FOR THE ACTING MISSION DIRECTOR

FROM: Susan *[Signature]* A/PRJ

SUBJECT: 1986 ESF Balance of Payments Program (519-0328) Program Approval and PAAD Authorization

Action Requested: Your approval is required to authorize an additional \$4.0 million in FY 1986 funds for the subject Program.

Discussion: The PAAD, which was submitted to the LAC Bureau by the Mission in March, 1986, originally requested approval of a \$147.0 million balance of payments program to be implemented in collaboration with the Government of El Salvador (GOES) during CY 1986. Subsequently, \$113.0 million in FY 1986 funds was authorized and \$147 million was approved for the CY 1986 Program by the Assistant Administrator for Latin American and the Caribbean on April 29, 1986. Additional funds for the Program were to come from the remaining \$4.0 million in ESF grant funds from the FY 1986 OYB which was held as a reserve to be used for the Trade Credit Insurance Program (TCIP), and the balance in FY 1987 ESF funds.

As anticipated, the Mission has been notified by cable, State 233172 dated July 23, 1986, that the \$4.0 set aside as a reserve for the TCIP will not be needed for that purpose.

Since these funds were contemplated in the original Authorization and Agreement, their authorization does not alter in any way the conditionality or schedule of disbursements for the Program. The only Covenant required prior to disbursement of this tranche will be a legal opinion certifying that it is a valid and legally binding agreement of the Government of El Salvador (GOES)

Congressional Notification: The funds to be authorized will bring subject Program to \$117.0 million, which is less than that shown in the FY 1986 Congressional Presentation. Therefore, no Congressional Notification is required prior to authorization or obligation of this \$4.0 million increment.

Justification: State 233172, dated July 25, 1986 contains an Ad-hoc Redlegation of Authority from the Assistant Administrator, Bureau for Latin America and the Caribbean, to the Mission Director (or his designee) to increase authorized Life-of-Project funding for the Balance of Payments Support Program 519-0328 in the amount of \$4.0 million.

Recommendation: That you authorize an additional \$4.0 million in FY 1986 funds for the CY 1986 Balance of Payments Program.

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Drafted by: SMerrill, A/PRJ SM
Cleared by:
Rveith, A/DPP RW
RAnderson, ECON KA
DHagen, PRE DM 1/20
JDavison, CONF JAS 7/24/02
RAWitherell, A/DDIR W
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