

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

MAY 7 1987

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

From: LAC/DR, Terrence J. Brown 

Subject: Authorization of Ecuador Economic Stabilization and Recovery Program FY 1987 ESF PAAD Amendment, No. 518-0058

Action Required: To authorize \$6,250,000 for the subject program.

Background: A fiscal year 1987 ESF program for Ecuador totalling to \$12,315,000 was approved by the Acting Assistant Administrator for Latin America and the Caribbean on February 11, 1987. At that time he also authorized \$6,065,000 for the subject program. Authorization of the remaining amount was withheld until the certification requirements set forth in the Anti-Drug Abuse Act of 1986 were met.

Discussion: On March 1, 1987 the President certified that Ecuador was in compliance with the requirements set forth in the aforementioned Anti-Drug Abuse Act. The thirty day waiting period has expired without introduction of a Congressional resolution of disapproval. Therefore, it is now possible to authorize the remaining funding for the already approved FY 1987 ESF program for Ecuador.

The terms and conditions for authorization of the second funding tranche are the same as for the tranche authorized on February 11, 1987. Specifically: (1) the funds will be provided on a grant basis and (2) the GOE will covenant further progress in reducing tariff barriers.

The Mission has not yet obligated the first tranche and intends to obligate both tranches at the same time. The Mission and the government of Ecuador have agreed that the full \$12,315,000 will be used for essential public sector imports (excluding imports for military purposes). The Mission has discussed the monitoring arrangements with the GOE and will consult with LAC on these mechanisms prior to final agreement with the GOE on the arrangements.

Recommendation: That you authorize \$6,250,000 by signing the attached PAAD facesheet. Your authorization constitutes approval of the agreed upon use of the dollars.

Attachment

CLASSIFICATION:

AID 1120-1	AGENCY FOR INTERNATIONAL DEVELOPMENT	1. PAAD NO.	518-0058 518-K-602
		2. COUNTRY	Ecuador
PAAD	PROGRAM ASSISTANCE APPROVAL DOCUMENT	3. CATEGORY	Cash Transfer
		4. DATE	
5. TO:		6. OYB CHANGE NO.	
AA/LAC, Dwight Ink		7. OYB INCREASE	
7. FROM:		TO BE TAKEN FROM:	
LAC/DR, Terrence J. Brown			
8. APPROVAL REQUESTED FOR COMMITMENT OF:		10. APPROPRIATION - BPC LES787-35518-KG31 (770-65-518-00-5071)	
\$ 6,250,000		72-117/81037	
11. TYPE FUNDING	12. LOCAL CURRENCY ARRANGEMENT	13. ESTIMATED DELIVERY PERIOD	14. TRANSACTION ELIGIBILITY DATE
<input type="checkbox"/> LOAN <input checked="" type="checkbox"/> GRANT	<input type="checkbox"/> INFORMAL <input checked="" type="checkbox"/> FORMAL <input type="checkbox"/> NONE	FY 87	MAY 4 1987
15. COMMODITIES FINANCED			

16. PERMITTED SOURCE	17. ESTIMATED SOURCE
U.S. only:	U.S.: 6,250,000
Limited F.W.:	Industrialized Countries:
Free World:	Local:
Cash: 6,250,000	Other:

18. SUMMARY DESCRIPTION

The purpose of this Program Assistance is to provide balance of payments support to Ecuador. This program will assist the Government of Ecuador (GOE) to stabilize the economy and continue the structural reform process already initiated.

This \$6,250,000 (grant) is the second tranche of a \$12,315,000 amendment to the ESF program approved in February 1987. The currently approved level for the program is \$36,531,000 of which \$30,281,000 has previously been authorized. The tranche will be disbursed as a cash transfer into a separate U.S. Bank account of the GOE. Upon disbursement of the assistance, the GOE will deposit into a special account an equivalent amount of sucres. These funds will be used for mutually agreed development purposes consistent with Sections 103-106 of the Foreign Assistance Act.

19. CLEARANCES	DATE
LAC/SAM, KJohnson (draft)	3/26/87
ARA/ECP, JCrawford (draft)	3/26/87
LAC/DP, WWheeler WDW	5/4/87
LAC/DR, ILevy TB	5/4/87
GC/LAC, ANewton RPN	5/4/87
PPC/EA, KKaufman (draft)	5/4/87
M/EM/CONT, CChristensen	5/11/87
DAA/LAC, MButler	Date

20. ACTION	
<input checked="" type="checkbox"/> APPROVED	<input type="checkbox"/> DISAPPROVED
AUTHORIZED SIGNATURE	DATE
<i>Dwight Ink</i>	May 11, 87
Assistant Administrator (LAC)	TITLE

CLASSIFICATION: