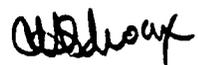


ACTION MEMORANDUM FOR THE DIRECTOR

THROUGH: DDIR, Paul E. White 

FROM: C/PDSO, Christina H. Schoux 

SUBJECT: Micro-Business Promotion Project (520-0377):  
Request for Approval to Increase LOP Funding

Problem: Your approval is requested, under Section 106 of the Foreign Assistance Act of 1961 as amended, to amend the authorization to increase the LOP funding for this Project by \$1,350,000 in FY 1989 for new total of \$1,850,000.

Background: The Micro-business Promotion Project 520-0377 was signed on August 31, 1987 to carry out activities that will increase incomes of the urban poor. The Agreement estimates total project costs to be the equivalent of approximately \$2,740,240 disaggregated as follows: \$500,000 in DA grant resources; \$294,900 in counterpart to be provided directly AITEC counterpart; and \$1,945,340 in counterpart to be provided through GOG-owned local currency. Of the non-AITEC resources, the entire DA grant was obligated on August 31, 1987 and the equivalent of \$616,540 (Q1,549,722) of GOG owned local currency was obligated on May 25, 1988 through the AID-managed trust fund mechanism.

Discussion: However, the amount of local currency requested by AID to be placed in the trust account for this project fell short of the total local currency requirements by the equivalent of \$1,350,000. Thus, while the total project cost remains unchanged (\$2,757,440), the shortfall in GOG-local currency contributions will be replaced with equivalent AID dollar grant funds.

To fully fund the Project, the DA dollar contribution will need to be increased from \$500,000 to \$1,850,000. This DA level will require a total counterpart contribution equivalent to \$616,540 to meet the minimum 25 percent of total project costs to be financed from non-AID sources. AITEC's direct counterpart contribution remains the same at \$294,900 and the GOG-owned local currency contribution is reduced to the

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equivalent of \$612,540 to correspond to those local currencies already obligated. Thus, the total attributable counterpart to the project is estimated to be approximately \$907,440 or 32.9 percent of total project costs to be financed from non-AID sources.

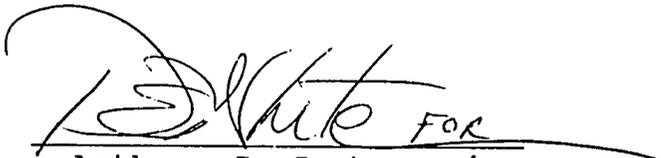
The Project Authorization Amendment will ensure completion of the activities required for the provision of technical assistance, training and credit for micro-entrepreneurs in Guatemala City and Quezaltenango, through the Fundación Tecnológica (FUNTEC) and the Fundación para el Desarrollo Integral de Programas Socioeconómicos (FUNDAP), respectively.

A budget allowance was received, per STATE 360243, in the amount of \$1,350,000 to adequately cover the aforementioned shortfall.

Per STATE 389089, a Congressional Notification was submitted to the Hill on November 29, 1988. The CN waiting period expired on December 13, 1988.

Per STATE 099409, AAA/LAC provided programmatic approval for the revised life-of-project amount for this project, thus clearing the way for you to amend the project authorization.

Recommendation: That you (1) approve the Project Amendment described above, pursuant to the authority provided to you by Delegation of Authority dated December 19, 1988 (Authority to amend authorizations up to a cumulative LOP funding of \$30 million), by signing below; and (2) sign the attached Project Authorization Amendment.

  
Anthony J. Cauterucci  
Director

5/16/89  
Date

Attachment: Project Authorization Amendment

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Project Authorization Amendment  
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Drafted by: PDSO, JFLombardo  
Cleared by: OPED, FManteiga  
PRM, TKellermann  
CONT, JOHill  
RLA, MWilliams

*[Signature]* Date 5/4/89  
*[Signature]* Date 5/5/89  
*[Signature]* Date 5/5/89  
*[Signature]* Date 5/11/89  
in draft per TEGUCIGALPA 03750

(3455C)

PROJECT AUTHORIZATION AMENDMENT No. 1

Name of Country/Entity: Guatemala/ACCION International  
Name of Project: Micro-Business Promotion  
Number of Project: 520-0377

1. Pursuant to Section 106 of the Foreign assistance Act of 1961, as amended, the Micro-Business Promotion Project for ACCION International (AITEC) was authorized on August 5, 1987. That authorization is hereby amended as follows:

Paragraph 1 of the Authorization is amended to read as follows:

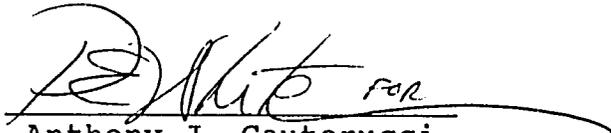
Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Micro-Business Promotion Project for ACCION International (AITEC) involving planned obligations of not to exceed \$1,850,000 in grant funds over a three (3) year period from the date of initial authorization, subject to availability of funds in accordance with the AID OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is three years and five months from the date of initial obligation.

Paragraph 3-a., Source and Origin of Commodities, Nationality of Services, of the Authorization is amended to read as follows:

Commodities financed by A.I.D. under the project shall have their source and origin in the United States (AID Geographic Code 000), the cooperating country, or other countries included in the Central America Common Market (CACM), except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the U.S., the cooperating country, or other countries included in the CACM as their place of nationality, except as A.I.D. may otherwise agree in writing.

Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

2. The authorization cited above remains in force except as hereby amended.

  
Anthony J. Cauterucci

5/16/89  
Date

Drafted by:  
PDSO: JFLombardo



Date: 5/4/89

Cleared by:

RLA: MWilliams	in draft per	TEGUCIGALPA 03750
OPSP: FManteiga		Date: <u>5/5/89</u>
PRM: TKellerman		Date: <u>5/5/89</u>
CONT: JHill		Date: <u>5/11</u>
ADDR: PWhite		Date: <u>5/15/89</u>
PDSO: CHSchoux		Date: <u>5/15/89</u>

(3386C)

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