PN-ABL-497
93423

Making Cities Work

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Programs

Prepared by

International City/County Management Association (ICMA)

International City/County ICMA Management Association

PD-ABK-481
93483

SUMMARY OF WORK, APRIL 1990-NOVEMBER 1990

For
Central America

April 1990-November 1990

Prepared by:
Eliecer Fernandez

for:
U.S. Agency for International Development
and
International City/County Management Association

Contract No. PDC-1008-C-00-0991-00

The views herein are those of the authors and do not necessarily represent those of the U.S. Agency for International Development

April 2, 1990

MEMORANDUM

To: Mr. David Grossman, PRE/H
From: Eliecer Fernandez, ICMA
Subject: Documentation on work done during the period of 01/22/90 through 03/31/90

In order to comply with the terms of ICMA's contract with AID, following is a summary of work done during the period 01/22/90 through 03/31/90. I attach the documentation to support the work done, except in the cases of meetings, discussions regarding loan documentations, policies, etc.

Annexes 1 through 3: Prior to January 22, 1990

Program debt service computation for years 1990 through 1995-ANNEX 4(Pages 1/24)
Analysis of Panama Housing Program
Purpose: Restructuring the debt service and potential Paris Club Agreement- ANNEX 5
Preparation of Terms of Reference for an independent audit of the Housing Guaranty Program financial statements
Purpose: To restate financial statements as of September 30, 1989 following directives of the GAO-ANNEX 6
Status of several housing guaranty loans as of 12/31/89
Purpose: Actions to be taken by PRE/H- ANNEX 7
Paris Club Agreement-Chile
Purpose: To inform the American Embassy in Santiago regarding Paris Club Accounts- 04/15/87 through 12/31/88-ANNEX 8
Field Trip to Bolivia and Paraguay
Purpose: To evaluate the loans generated by the Borrower in Bolivia and to meet the President of the Central Bank of Paraguay to know the status of HG loan payment(s)ANNEX 9

Additional

1.- To study the methodology to be followed by the EDPC to project the debt service 1990/1995. This also included the preparation of financial indicators.

2.- Evaluation of the Contingent Liability.

3.- Meetings on Jamaica Re: Audit conducted by the Inspector General.

4.- Advised FM/LMD on the review conducted by Officials of the Central Bank of Ecuador.

5.- Review of the Lebanon debt service for prepayment of the loans by the GOL.

6.- Meetings to discuss the accounting of provision for uncollectables on the Housing Guaranty Program following GAO's accounting procedures.

557N

	INTEREST	LOAN NO.	PRINC PMT	1990 SEMESTER 1 PRINC BAL	INT + FEE	INTEREST	FEE	TOTAL PMT	PRINC PMT	1990 SEMESTER 2 PRINC BAL	INT + FEE	INTEREST	FEE	TOTAL PMT	ANN PRINC REPAYMENT	ANNUAL INT EARNED	ANNUAL FEE EARNED
ENTINA	0.07000	510-HG-003	420,000		164,500	152,750	11,750	584,500	420,000		164,500	152,750	11,750	584,500	840,000	1,145,500	23,500
	0.07750	510-HG-004	164,225		92,466	86,500	5,966	256,690	164,225		92,466	86,500	5,966	256,690	328,449		11,931
	0.09375	510-HG-005	321,628		210,330	199,112	11,218	531,958	321,628		210,330	199,112	11,218	531,958	643,256	398,224	22,435
	0.09375	510-HG-006/7	160,331		152,033	143,924	8,108	312,363	160,331		152,033	143,924	8,108	312,363	320,661	287,848	16,217
-total Argentina			1,066,183	0	619,328	582,286	37,041	1,685,511		0	619,328	582,286	37,041	1,685,511	2,132,366	1,831,572	74,083
BADOS	0.12150	534-HG-001	200,000		559,200	536,188	23,012	759,200	200,000		559,200	536,188	23,012	759,200	400,000	1,072,375	46,025
IZE		505-HG-001	0	2,000,000	86,000	81,000	5,000	86,000		2,000,000	79,500	74,500	5,000	79,500	0	155,500	10,000
PE	0.10350	598-HG-001	54,830		309,190	294,253	14,937	364,020	54,830		309,190	294,253	14,937	364,020	109,660	588,507	29,873
IVIA																	
	0.08375	511-HG-003	94,407		75,846	71,318	4,528	170,253	94,407		75,846	71,318	4,528	170,253	188,814	142,636	9,056
	0.07875	511-HG-004	167,258		126,574	118,538	8,036	293,832	167,258		126,574	118,538	8,036	293,832	334,516	237,075	16,073
	0.12480	511-HG-005	12,149		249,600	239,600	10,000	261,749	12,149		249,600	239,600	10,000	261,749	24,298	479,200	20,000
		511-HG-007	0	7,500,000	322,500	303,750	18,750	18,750	0	7,803,750	310,199	290,690	19,509	19,509	0	0	38,259
		511-HF-001/A	0	3,810,000	163,830	154,305	9,525	163,830		3,810,000	151,448	141,923	9,525	151,448	0	296,228	19,050
		511-HF-001/B															
		511-HF-002	0	1,460,000	62,780	59,130	3,650	62,780		1,460,000	58,035	54,385	3,650	58,035	0	113,515	7,300
-total Bolivia			273,814	12,770,000	1,001,130	946,640	54,490	971,194		13,073,750	971,702	916,453	55,249	954,826	547,628	1,268,653	109,737
EI	0.08625	596-HG-001	339,781		171,824	161,863	9,961	511,605	339,781		171,824	161,863	9,961	511,605	679,562	323,726	19,922
	0.08000	596-HG-002	196,867		284,872	267,068	17,805	481,739	196,867		284,872	267,068	17,805	481,739	393,733	534,135	35,609
	0.09625	596-HG-003/A	270,278		375,263	355,768	19,494	645,541	270,278		375,263	355,768	19,494	645,541	540,556	711,537	38,988
	0.09375	596-HG-003/B	216,881		375,517	355,489	20,028	592,398	216,881		375,517	355,489	20,028	592,398	433,761	710,979	40,055
	0.10500	596-HG-003/C	0		945,000	900,000	45,000	945,000	0		945,000	900,000	45,000	945,000	0	1,800,000	90,000
	0.17500	596-HG-004	0		100,000	97,143	2,857	100,000	0		100,000	97,143	2,857	100,000	0	194,286	5,714
	0.11500	596-HG-004/A	0		200,000	191,304	8,696	200,000	0		200,000	191,304	8,696	200,000	0	382,609	17,391
	0.13000	596-HG-005	0		575,000	552,885	22,115	575,000	0		575,000	552,885	22,115	575,000	0	1,105,769	44,231
		596-HG-005/B	0	10,000,000	430,000	405,000	25,000	430,000		10,000,000	397,500	372,500	25,000	397,500	0	777,500	50,000
	0.10500	596-HG-005/C1	0		833,000	793,333	39,667	833,000	0		833,000	793,333	39,667	833,000	0	1,586,667	79,333
	0.10700	596-HG-005/C2	0		160,000	152,523	7,477	160,000	0		160,000	152,523	7,477	160,000	0	305,047	14,953
	0.10875	596-HG-005/C3	0		3,146,000	3,001,356	144,644	3,146,000	0		3,146,000	3,001,356	144,644	3,146,000	0	6,002,713	289,287
		596-HG-008	0	25,000,000	1,075,000	1,012,500	62,500	1,075,000		25,000,000	993,750	931,250	62,500	993,750	0	1,943,750	125,000
b-total CABEI			1,023,806	35,000,000	8,671,476	8,246,233	425,242	9,695,282		35,000,000	8,557,726	8,132,483	425,242	9,581,532	2,047,612	16,378,717	850,484
ILE	0.09750	513-HG-006	217,624		1,240,332	1,176,725	63,607	1,457,956	217,624		1,240,332	1,176,725	63,607	1,457,956	435,248	2,353,450	127,213
	0.08800	513-HG-006/B	321,920		903,552	852,214	51,338	1,225,472	321,920		903,552	852,214	51,338	1,225,472	643,839	1,704,428	102,676
		513-HG-008	0	5,000,000	215,000	202,500	12,500	215,000		5,000,000	198,750	186,250	12,500	198,750	0	388,750	25,000
b-tot- Chile			539,544	5,000,000	2,358,884	2,231,439	127,445	2,898,427		5,000,000	2,342,634	2,215,189	127,445	2,882,177	1,079,087	4,446,627	254,890
LOMBI.		514-HG-003															
STA RICA																	
		515-HG-003															
		515-HG-004															
		515-HG-005															
	0.16000	515-HG-006	220,000		528,000	511,500	16,500	748,000	220,000		528,000	511,500	16,500	748,000	440,000	1,023,000	33,000
	0.12400	515-HG-006/B	0		297,600	285,600	12,000	595,200	0		297,600	285,600	12,000	297,600	0	571,200	24,000
	0.12400	515-HG-007	0		248,000	238,000	10,000	248,000	0		248,000	238,000	10,000	248,000	0	476,000	20,000
	0.13210	515-HG-007/B	0		660,500	635,500	25,000	660,500	0		660,500	635,500	25,000	660,500	0	1,271,000	50,000
b-total Costa Rica			220,000	0	1,734,100	1,670,600	63,500	2,251,700	220,000	0	1,734,100	1,670,600	63,500	1,954,100	440,000	3,341,200	127,000
MINICAN REPUBLIC																	
		517-HG-005															
	0.07750	517-HG-006	247,739		55,233	51,670	3,563	302,972	247,739		55,233	51,670	3,563	302,972	495,477	103,339	7,127
	0.08000	517-HG-007	39,191		10,063	9,434	629	49,254	39,191		10,063	9,434	629	49,254	78,382	18,867	1,258
	0.08000	517-HG-008	122,414		76,335	71,564	4,771	198,749	122,414		76,335	71,564	4,771	198,749	244,827	143,128	9,542
b-total Dominican Republic			409,343	0	141,631	132,667	8,963	550,974		0	141,631	132,667	8,963	550,974	818,686	265,334	17,927
UADOR																	
		518-HG-003															
	0.09375	518-HG-004	120,944		175,753	166,380	9,373	296,697	120,944		175,753	166,380	9,373	296,697	241,888	332,759	18,747
		518-HG-005	0	20,000,000	860,000	810,000	50,000	860,000		20,000,000	795,000	745,000	50,000	795,000	0	1,555,000	100,000
		518-HG-006	0	10,000,000	430,000	405,000	25,000	430,000		10,000,000	397,500	372,500	25,000	397,500	0	777,500	50,000

INTEREST	LOAN NO.	1995 PRINC PMT	1995 PRINC BAL	SEMESTER 1 INT + FEE AM	INTEREST	FEE	TOTAL PMT	1995 PRINC PMT	1995 PRINC BAL	SEMESTER 2 INT + FEE AM	INTEREST	FEE	TOTAL PMT	ANNUAL PRINC REPAYMENT	ANNUAL INT EARNED	ANNUAL FEE EARNED
b-total India			125,000,000	3,500,000	3,187,500	312,500	3,500,000		125,000,000	3,500,000	3,187,500	312,500	6,500,000	3,000,000	6,375,000	625,000
REA																-
0.08000	489-HG-001	347,547		165,478	155,136	10,342	513,025	361,449		159,114	149,169	9,945	520,563	708,997	304,305	20,287
0.08750	489-HG-002	742,145		414,959	391,247	23,712	1,157,104	774,614		397,565	374,847	22,718	1,172,179	1,516,759	766,094	46,430
0.09500	489-HG-003	763,792		610,771	578,625	32,146	1,374,553	800,061		583,075	552,387	30,688	1,383,136	1,563,843	1,131,012	62,834
0.09400	489-HG-004	114,652		118,207	111,919	6,288	232,859	120,041		112,901	106,895	6,005	232,941	234,693	218,815	12,293
0.09450	489-HG-005	430,936		379,821	358,778	20,043	809,758	451,298		361,730	342,591	19,139	813,028	882,235	701,369	39,183
0.08890	489-HG-006	122,018		126,107	119,014	7,093	248,125	127,442		120,740	113,949	6,791	248,182	249,460	232,964	13,883
0.08890	489-HG-007	366,056		379,017	357,700	21,317	745,073	382,327		362,886	342,477	20,410	745,214	748,383	700,176	41,727
b-total Korea			0	2,193,360	2,072,419	120,941	5,080,497		0	2,098,011	1,982,315	115,696	5,115,243	5,904,370	4,054,734	236,637
I LANKA																
	383-HG-001		16,480,000	517,440	471,240	46,200	622,440		18,375,000	514,500	468,563	45,938	619,500	210,000	939,803	92,138
	383-HG-002		14,000,000	392,000	357,000	35,000	392,000		14,000,000	392,000	357,000	35,000	392,000	0	714,000	70,000
	383-HG-003		15,000,000	420,000	382,500	37,500	420,000		15,000,000	420,000	382,500	37,500	420,000	0	765,000	75,000
	383-HG-003/B		10,000,000	280,000	255,000	25,000	280,000		10,000,000	280,000	255,000	25,000	280,000	0	510,000	50,000
b-tot-' Sri Lanka			57,480,000	1,609,440	1,465,740	143,700	1,714,440		57,375,000	1,606,500	1,463,063	143,438	1,711,500	210,000	2,928,803	287,138
AILA.																
0.05500	493-HG-002	0		0	0	0	0	0		0	0	0	0	0	0	0
0.12950	493-HG-003	0		473,518	455,236	18,283	473,518	0		444,723	427,552	17,171	444,723	0	882,787	35,453
b-total Thailand			0	473,518	455,236	18,283	473,518		0	444,723	427,552	17,171	444,723	0	882,787	35,453
DONESIA	0.09520 497-HG-001	0		943,126	893,592	49,534	943,126	0		900,273	852,989	47,283	900,273	0	1,746,581	96,817
RAEL																
0.08000	271-HG-001	1,877,656		764,556	716,772	47,785	2,642,212	1,952,762		735,150	689,203	45,947	2,687,912	3,830,418	1,405,975	93,732
0.08750	271-HG-002	883,669		1,037,724	978,426	59,299	1,921,393	922,329		994,227	937,414	56,813	1,916,556	1,805,998	1,915,839	116,111
0.09050	271-HG-003	863,892		631,812	596,905	34,907	1,495,703	902,983		604,460	571,064	33,396	1,507,443	1,766,874	1,167,970	68,302
0.09280	271-HG-004	419,475		707,904	669,763	38,141	1,127,379	438,939		676,514	640,064	36,450	1,115,453	858,414	1,309,826	74,591
0.08880	271-HG-005	393,067		701,468	661,971	39,497	1,094,535	410,519		671,647	633,829	37,818	1,082,166	803,585	1,295,800	77,315
0.10400	271-HG-006	149,365		929,459	884,774	44,686	1,078,824	157,132		883,517	841,040	42,477	1,040,648	306,496	1,725,814	87,162
0.13500	271-HG-007	105,007		1,028,675	990,576	38,099	1,133,682	112,095		963,630	927,940	35,690	1,075,725	217,101	1,918,516	73,789
b-total Israel			0	5,801,599	5,499,186	302,413	10,493,728		0	5,529,144	5,240,554	288,590	10,425,902	9,588,886	10,739,740	591,003
RDAN	0.09100 278-HG-001	0		546,364	516,344	30,020	546,364	0		522,587	493,873	28,714	522,587	0	1,010,218	58,734
BANON	0.10440 268-HG-001	134,230		372,190	354,365	17,825	506,420	141,237		353,726	336,785	16,941	494,963	275,467	691,149	34,766
	0.12150 268-HG-002	0		678,349	650,433	27,916	678,349	0		639,499	613,183	26,317	639,499	0	1,263,616	54,232
b-total Lebanon			0	1,050,539	1,004,798	45,741	1,184,769		0	993,225	949,967	43,258	1,134,462	275,467	1,954,765	88,999
ROCCO	608-HG-002		(5,048,800)	(141,366)	(128,744)	(12,622)	(91,366)		(5,098,800)	(142,766)	(130,019)	(12,747)	(92,766)	100,000	(258,764)	(25,369)
RTUG.																
0.09700	150-HG-001	383,313		524,412	497,381	27,032	907,726	401,904		500,155	474,374	25,781	902,059	785,218	971,755	52,813
0.08690	150-HG-002	336,554		505,428	476,347	29,081	841,982	351,177		484,382	456,512	27,870	835,559	687,731	932,859	56,951
	150-HG-003		12,500,000	350,000	318,750	31,250	350,000		12,500,000	350,000	318,750	31,250	350,000	0	637,500	62,500
	150-HG-004/A		12,500,000	350,000	318,750	31,250	350,000		12,500,000	350,000	318,750	31,250	350,000	0	637,500	62,500
	150-HG-005		25,000,000	700,000	637,500	62,500	700,000		25,000,000	700,000	637,500	62,500	700,000	0	1,275,000	125,000
b-total Portugal			50,000,000	2,429,841	2,248,728	181,113	3,149,708		50,000,000	2,384,537	2,205,886	178,651	3,137,618	1,472,949	4,454,614	359,764
UNISIA																
0.08000	664-HG-001	270,529		169,262	158,684	10,579	439,792	281,350		162,752	152,580	10,172	444,103	551,880	311,264	20,751
0.08800	664-HG-002	155,071		236,790	223,336	13,454	391,861	161,894		226,810	213,923	12,887	388,704	316,964	437,260	26,341
0.10375	664-HG-003	59,841		346,544	329,843	16,701	406,385	62,945		329,453	313,576	15,877	392,399	122,786	643,419	32,578
0.14450	664-HG-004	0		171,211	165,287	5,924	171,211	0		159,675	154,150	5,525	159,675	0	319,436	11,449
0.09470	664-HG-005	0		405,536	384,125	21,412	405,536	0		387,202	366,759	20,444	387,202	0	750,883	41,855
0.10170	664-HG-005/B	0		305,904	290,864	15,040	305,904	0		291,101	276,789	14,312	291,101	0	567,654	29,351
0.09875	664-HG-005/C	0		334,523	317,585	16,938	334,523	0		318,783	302,642	16,141	318,783	0	620,228	33,079
ub-total Tunisia			0	1,969,770	1,869,723	100,047	2,455,211		0	1,875,777	1,780,420	95,358	2,381,967	991,630	3,650,143	195,405
OTAL ASIA/NEAR EAST			227,431,200	19,433,065	18,190,930	1,242,135	28,506,870		227,276,200	18,811,737	17,601,110	1,210,628	31,281,235	21,543,302	35,792,040	2,452,763
RAND TOTALS			617,637,660	49,457,266	46,316,651	3,140,615	73,178,349		613,374,910	47,760,011	44,706,516	3,053,494	76,218,035	52,179,107	91,023,168	6,194,110
ew Lending Assumptions			772,371,000	21,626,388	19,695,461	1,930,928	21,676,388		842,300,000	23,584,400	21,478,650	2,105,750	23,634,400		41,174,111	4,036,678

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Fernandez's Copy

#5

January 3, 1989

MEMORANDUM

TO: PRE/H, William Gelman

FROM: PRE/H, Eliecer Fernandez

SUBJECT: Status of Portfolio - Panama (525)

Following are highlights of the status of the HG portfolio in Panama:

I - Host-Country Guaranteed Loans

Annual Debt Service

525-HG-007	$ 911,220
-008	349,318
-009	1,561,778
-010/011	1,216,000
-011	1,014,000
-011B	840,000
-012	879,790[1]
	$6,772,106

Claims not rescheduled[2]

	Pre-620(g)	620(g)Debt	Total
525-HG-007	$ 495,938	$1,805,343	$ 2,301,281
-008	189,105	516,231	705,336
-009	846,298	2,343,699	3,189,997
-010/011	487,173	1,649,637	2,136,810
-011	406,040	1,375,997	1,782,037
-011b	---	1,575,762	1,575,762
-012	---	72,367	72,367
	$2,424,554	$9,339,036	$11,763,590

[1]Amortization starts in 2/1997. Grace period through 8/1996
[2]Do not include penalty interest

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Reschedulings

Loan Amount	Annual Debt Service	Payments in Arrears	
		Pre-620(q)	620(q)Debt
$281,934	$53,099	$35,415	$81,772

II - Non-Host Country Guaranteed Loans

	Contingent Liability 6/30/89	Monthly Debt Service	Last Payment Rec'd - Date
525-HG-003	$231,878	$ 7,536	$22,410 - 3/89
-003B	691,486	17,575	17,390 - 2/88
-004	55,663	2,624	3,077 - 12/88
-005	540,504	23,136	27,677 - 8/87[3]

[3]The Administrator (Sand L) is being administratively and financially managed by the Government of Panama (The National Mortgage Bank).

cc: PRE/H, J. Hagger

PRE/H:EFernandez:ac:1/3/90:#1076e

6.

3/30/90

Housing Guaranty Program

Independent Audit of the Financial Statements and Evaluation of the Accounting Procedures

Scope of Work

I. Introduction

II. Financial Statements

- Verification of funds with U.S. Treasury and examination of procedures for withdrawing funds to cover:

  -- Operating expenses

  -- Payments to investors as claims

  -- Disbursements to Riggs National Bank to replenish the Central Reserve Fund

- -- Examination of the methodology used to account for accrual of guaranty fees

-- Supporting information regarding the contingent liability (principal only)

-- Accrual of fees on non-accruing loans

-- Evaluation of the monitoring procedure regarding due and unpaid fees on non-host country guaranteed loans

-- In-depth examination of the methodology used to account for interest receivable on Rescheduled Claims Receivable

-- Accrual of interest on due dates

-- Reconciliation of the account

-- Accrual of interest on un-applied funds (payments made by the host country during the consolidation period)

-- Accrual of interest on non-accruing loans

-- In-depth examination of the methodology used to account for Late Payment Charges Receivable

-- Interest rate used

-- Compounded interest rate used rather than simple, from the due date to the date of receipt of payments

W 8

-- Examination of the methodology used to account for claims

  -- A.I.D fees not included in claims receivable

  -- Periodic reconciliation of the account

  -- Monitoring of claims to diminish the needs for borrowing

-- Verification of the balance on borrowings from U.S. Treasury

  -- Review of the procedure followed to determine the amount(s) needed to borrow in the future

  -- Examine the financial analyses prepared to evaluate the cost to the program to borrow in terms different to those of rescheduling recoveries, and make recommendations if required

-- Examination of the procedure implemented to register reapplication of funds

  -- Acceptability of the method

-- Evaluation of the methodology followed to account for allowance for uncollectables

  -- Ranking of countries, Sovereign debt

  -- Percentage allowed for uncollectables. Acceptability of the method

  -- Non-accruing loans

  -- Allowances charged to year's operation and prior year's adjustments. Acceptability of the method.

-- Evaluation of the need of a Cash Flow Statement in addition to the Balance Sheet and Income Statement from the management of the program standpoint.

III. <u>Accounting Procedures</u>

-- Program Accounting Manual and Chart of Accounts

  -- Examination of the manual and chart of accounts and make recommendations, if required

  -- Examination of the accounting procedures and make recommendations, if required.

IV. Summary of Scope of Work

Do effective controls exist over revenues, expenditures, assets and liabilities?

Does proper accounting for resources, operations and liabilities exist?

Are financial statements reliable, useful and fairly presented?

Is there compliance with laws and regulations regarding the financial and management aspects?

Are the procedures, internal controls related to financial operations, accounting and financial reporting adequate?

Are procedures for payment of claims considered adequate?

Are the data used by management internal and external reporting reliable?

Do internal reports serve a purpose? Are they useful?

V. Audit Observations

VI. Conclusions

VII. Recommendations for improvement

1544h

#7

March 30, 1990

MORANDUM

PRE/H, William Gelman

OM: PRE/H, Eliecer Fernandez

BJECT: Status of several HG Loans as of 12/31/89

have reviewed the status of some loans that require action(s) to be taken by ther FM/LM or PRE/H as follows:

Reserve Funds

Dominican Republic 517-HG-003

This loan is paid off and Chase Manhattan Bank is still holding $684,722 in the Reserve Fund Account. In the particular case of this project, the Administrator's approval to withdraw the fund is required. The Office has attempted to use the fund to recover the construction loan claim for $675,000; however, the Administrator refuses to approve it.

Dominican Republic 517-HG-005

The administrator of this project (same as 003) is holding approximately RD$ 500,000 and the Central Bank RD4 400,000 which have not been converted to US$ and transferred to Riggs. The Central Bank does not approve the exchange. In 1986, I spoke with the Mission Controller in Santo Domingo, and he was willing to use these pesos for Mission operating expenses and credit our account with dollars at RD$3 to US$1. Today, the rate is RD$6 and still the mechanism has not been put in place. A.I.D.'s contingent liability is $50,386 as of 12/31/89.

Honduras 522-HG-001, 002

These two loans are paid off and the reserve fund disbursed to the Administrator for further distribution. Our office still has to review the documentation in the field to close out the projects.

Panama 525-HG-002

This loan is paid off and the reserve fund for $375,316 must be distributed among homeowners. RHUDO/SA should be informed and the close out procedure started.

Venezuela 529-HG-002

This loan is paid off. The reserve fund was exhausted due to devaluation of the bolivar. The Administrator has reconciled the Reserve Fund Account for the use of the Trustee to inform the homeowners.

Venezuela 529-HG-003

This loan is paid off. The Reserve Fund was exhausted due to devaluation of the volivar.

Close Outs.-

The following projects are listed to be closed out in CY 1990.

		Reserve Fund
Panama	525-HG-002	Yes
Taiwan	484-HG-002	Yes
Thailand	493-HG-002	Yes
Tunisia	664-HG-001	Yes
Dominican Republic	517-HG-005	No
El Salvador	519-HG-002	No
El Salvador	519-HG-005	No
Jamaica	532-HG-001	No
Jamaica	532-HG-001B	No
Mexico	523-HG-006	No
Nicaragua	524-HG-001	No
Nicaragua	524-HG-001B	No
Peru	527-HG-006	No
Venezuela	529-HG-002	No
Venezuela	529-HG-003	No
Columbia	514-HG-003	No
Panama	525-HG-004	No

Disbursement to A.I.D. of the Interest Guaranty Deposits and balances of Reserve Funds

The fiscal agents of the following projects are holding balances in the Interest Guaranty Deposit and Reserve Fund accounts. These funds could be disbursed to A.I.D., to reduce claim loses due to devaluations of their currency:

Peru	527-HG-004	$ 33,900	1/
Venezuela	529-HG-003	77,698	1/
Columbia	514-HG-003	54,513	1/A
Peru	527-HG-006	25,254	1/
Venezuela	529-HG-001	167,845	2/

Interest Guaranty Deposit.
Should be applied to 514-HG-002.
Reserve fund held in U.S.

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D.C. 20523

FAX

#6

TO: RENATO HIDALGO

FAX NO: 562380931

TELE: 562+710133

PAGES: **DATE:**

Agency for International Development
Washington, D.C. 20523

FROM: ELIECER FERNANDEZ PREIH

FAX NO: 202-6632073

TELE: 202-6632521

SUBJ: UPDATED INFORMATION REGARDING THE BILATERAL AGREEMENT WHICH REFLECTS ON LOANS (RESCHEDULINGS UNDER THE PARIS CLUB AGREEMENT) 513-HR-001,HR002 HR003,to BE REVIEWED BY THE CORRESPONDING AUTHORI IN CHILE FOR DEBT SERVICE PURPOSES.

2/28/90

6

Chelle HR 001

0•	*
5,530•48	+
7,149•97	+
4,999•02	+
17,679•4700	◇
237•62	+
16,962•04	−
955•0500	◇
14,375•77	−
13,420•7200	◇
690•70	+
20,199•23	+
7,469•2100	◇
17,404•22	−
9,935•0100	◇
623•62	−
10,558•6300	◇
476•40	−
11,035•0300	◇
17,404•22	−
28,439•2500	◇
23,641•75	+
4,797•5000	◇
4,797•5000	*

ANEXO 1

AGENCY FOR INTERNATIONAL DEVELOPMENT
REPUBLIC OF CHILE
RESCHEDULED DEBT FOR THE PERIOD 04-15-87 THRU 12-31-88

LOAN NO.	DUE DATE	PRINCIPAL	INTEREST	TOTAL	[CONSOLIDATED] [85%] PRINCIPAL	[NON-CONSOL] [DEFERRED 10%] PRINCIPAL	[NON-CONSOLIDATED DEBT] [REMAINDER 5%] PRINCIPAL	[INTEREST 100%]	TOTAL
513-HG-006	01-Jun-86	$295,319.32	$1,423,201.88	$1,718,521.20	$251,021.42	$29,531.93	$14,765.97	$1,423,201.88	$1,437,967.85
513-HG-006	01-Dec-87	309,716.13	1,408,805.07	1,718,521.20	263,258.71	30,971.61	15,485.81	1,408,805.07	1,424,290.88
513-HG-006	01-Jun-87	324,814.80	1,393,706.40	1,718,521.20	276,092.58	32,481.48	16,240.74	1,393,706.40	1,409,947.14
513-HG-006	01-Dec-88	340,649.51	1,377,871.69	1,718,521.20	289,552.08	34,064.95	17,032.48	1,377,871.69	1,394,904.17
513-HG-006/B	31-Jul-87	251,467.50	1,089,376.38	1,340,843.88	213,747.38	25,146.75	12,573.37	1,089,376.38	1,101,949.75
513-HG-006/B	31-Jan-88	261,903.25	1,078,311.71	1,340,214.96	222,617.76	26,190.33	13,095.16	1,078,311.71	1,091,406.87
513-HG-006/B	31-Jul-88	272,772.25	1,066,787.96	1,339,560.21	231,856.41	27,277.23	13,638.61	1,066,787.96	1,080,426.57
HOUSING GUARANTY TOTAL		$2,056,642.75	$8,838,061.09	$10,894,703.85	$1,748,146.34	$205,664.28	$102,832.14	$8,838,061.09	$8,940,893.23
GRAND TOTAL		$29,066,423.46	$18,522,427.76	$47,588,851.22	$24,706,459.98	$2,906,642.45	$1,453,321.03	$18,522,427.76	$19,975,748.79

Segunda reprogramacion diferida no consolidada

Segunda reprogramacion consolidada

ANEXO 2

HOUSING GUARANTY PROGRAM
STATEMENT OF RESCHEDULED LOANS
AS OF JUNE 30, 1989

Primera reprogramacion consolidada

y / greement / race / st Rate	FREQ	AGREEMENT DATE / INITIAL AMORT DT.	AGREEMENT AMOUNT	PRINCIPAL REPAYMENT	SUBSEQUENT RESCHEDULINGS	BALANCE OUTSTANDING	INTEREST COLLECTED	ARREARAGES 1/ P & I
leached-Consol s (2yrs 9 mos. Grace) est: V (Exlm)	 S S	02-06-86 09-30-89	523,975	-0-	-0-	523,975	92,480	13,056
leached-Consol. 3 1/2 yrs. est: V (Exlm)	 S S	08-13-87 08-15-91	1,748,146	-0-	-0-	1,748,146	94,301	173,340
leached-Deferred Non-Cons. Payable 3/31/89 est: V (Exlm)	 S	08-13-87 08-31-89	205,664	205,664	-0-	-0-	24,782	11,773
. CHILE			2,477,785	205,664	-0-	2,272,121	211,563	198,169

8.593

ESTIMATED INTEREST RATE 8.593 to 4.3465

CONSOLIDATED

LOAN No. 513-HR-001 - CHILE

CONS. PERIOD: 7/1/85 thru 12/31/86

ANEXO 3

5/

	Due Date	1	2 Interest	3 Principal	4 Loan Balance
	Amt. Rescheduled				523974.85
	3-31-86	See attached statement		-	523974.85
	9-30-86		17,679.47	-	523974.85
	3-31-87	7.71% - 180 Est	20199.22	-	523974.85
	9-30-87	9.02% 180 Est	23,441.74	-	523974.85
	3-31-88	9.41% - 180 days	25,190.08	-	523974.85
	9-30-88	9.71% - 180 days	25,462.57	-	523974.85
	3-31-89	9.84% - 180 days	25,179.60	-	523974.85
	9-30-89	9.136% - 180 days	23,935.17	65496.86	458477.99
	3-31-90			65496.86	392981.13
	9-30-90			65496.86	327484.27
	3-31-91			65496.86	261987.41
	9-30-91			65496.86	196490.55
	3-31-92			65496.86	130993.69
	9-30-92			65496.86	65496.83
	3-31-93			65496.83	-0-
	(513-HG-006)				
	166,413.78 Comp. due 12/1/85				
	174,526.45 - 6/1/86				
	340,940.23 @ 8.593 for 180 days				
	Interest from 9/30/86 to 3/31/87		14,648.50		
	183,024.62				

ANEXO 4

es: 3,9

CONSOLIDATED
STATEMENT OF RESCHEDULED PAYMENTS DUE AND UNPAID

AND AMOUNTS DUE A.I.D. UNDER BILATERAL AGREEMENT WITH THE GOVERNMENT OF CHILE

of Loan: $523,974.85 Interest Rate: EX-IM RATE Country: CHILE Project No: 513-HR-001

	Description	Principal	Interest	Late Payment Charges	Non-Add Reimbursements	Total Due A.I.D.
85	Initial Balance					0.00
85	Payment Due (513-HR-006)	166,413.78				166,413.78
86	Payment Due (513-HR-006)	174,526.45				340,940.23
86	Payment Due (513-HR-006)	183,034.62				523,974.85
86	Payment Not Due	(523,974.85)				0.00
86	$166,413.78 for 120 days at 9.970%		5,530.48	17,679.47		5,530.48
86	$166,413.78 for 180 days at 8.593%		7,149.97			12,680.45
86	$174,526.45 for 120 days at 8.593%		4,999.02			17,679.47
86	$5,530.48 for 180 days at 8.593%			237.62		17,917.09
86	Reimbursement by Borrower		(16,962.04)*		16,962.04	955.05
87	Reimbursement by Borrower		(14,375.77)*		14,375.77	(13,420.72)
87	$17,917.09 for 180 days at 7.710%			690.70		(12,730.02)
87	$523,974.85 for 180 days at 7.710%		20,199.23			7,469.21
87	Reimbursement by Borrower		(17,404.22)		17,404.22	(9,935.01)
87	Reimbursement by Borrower		(623.62)*		623.62	(10,558.63)
87	180 days at 9.024%			(476.40)		(11,035.03)
87	Reimbursement by Borrower		(17,404.22)		17,404.22	(28,439.25)
87	$523,974.85 for 180 days at 9.024%	(5,249.42)	23,641.75	451.92	66,769.87	(4,797.50)

~~$57013~~

ANEXO 5

ANEXO .

COUNTRY: CHILE AMOUNT OF LOAN: $523,974.85 INTEREST RATE: EX-IM PROJECT NO: 513-HR-001

DATE	DESCRIPTION	NO. OF DAYS	% RATE	PRINCIPAL	PAYMENTS MADE BY AID AND REIMBURSEMENTS: INTEREST	LATE CHARGES DUE INVESTOR	RMB/OTHER FEES	FRE 620 (Q) AMOUNT OUTSTANDING: SUB-TOTAL	A.I.D. FEE DUE AND REIMBURSEMENTS	LATE PAYMENT CHARGES DUE AID	CREDIT FOR PREV LATE CHARGES PAID INVESTOR	LATE PAYMENT CHARGES COLLECTED	NET LATE PAYMENT CHARGES FOR CUR. PER.	NON-ADD PAYMENTS REC. FM BORROWER	BALANCE DUE A.I.D.
01-Oct-87	BALANCE BROUGHT FORWARD				(5,249.42)			(5,249.42)							
31-Mar-88	REIMBURSEMENT BY BORROWER				(643.62)			(643.62)		0.00			+31.92	66,769.87	(4,797.50)
31-Mar-88	180 DAYS INTEREST	180	9.615%					0.00		(261.58)			0.00	643.62	(5,441.12)
31-Mar-88	$523,974.85 - 180 DAYS @ 9.615%				25,190.09			25,190.09		0.00			(261.58)		(5,702.70)
31-Mar-88	REIMBURSEMENT BY BORROWER				(17,404.22)			(17,404.22)		0.00			0.00		19,487.39
INSERT ROWS AND COPY FORMULAS FROM ABOVE ROW													0.00	17,404.22	2,083.17
TOTAL AS OF APRIL 27				0.00	1,892.83	0.00	0.00	1,892.83	0.00	(261.58)		0.00	190.34	84,817.71	2,083.17

INSERT ROWS AND COPY FORMULAS FROM ABOVE ROW

TOTAL AS OF

12

ANEXO 6

COUNTRY: CHILE AMOUNT OF LOAN: $523,974.85 INTEREST RATE: EX-IM PROJECT NO: 513-HR-001 620 (Q) DEBT

DATE	DESCRIPTION	NO. OF DAYS	% RATE	PRINCIPAL	PAYMENTS MADE BY AID AND REIMBURSEMENTS INTEREST	LATE CHARGES DUE INVESTOR	RMB/OTHER FEES	SUB-TOTAL	A.I.D. FEE DUE AND REIMBURSEMENTS	LATE PAYMENT CHARGES DUE AID	CREDIT FOR PREV LATE CHARGES PAID INVESTOR	LATE PAYMENT CHARGES COLLECTED	NET LATE PAYMENT CHARGES FOR CUR. PER.	NON-ADD PAYMENTS REC. FM BORROWER	BALANCE DUE A.I.D.
27-Apr-88	AMT. OUTSTANDING PRE 620 (Q)														2,083.17
30-Sep-88	180 DAYS-LATE PAYMENT CHARGES	180	9.719%							101.23			101.23		101.23
30-Sep-88	$523,974.85-180 DAYS @9.719%				25,462.56			25,462.56					0.00		25,563.79
30-Sep-88	REIMBURSEMENT BY BORROWER				(25,462.56)			(25,462.56)		(2,008.91)			(2,008.91)	27,471.47	(1,907.68)
31-Mar-89	180 DAYS-LATE PAYMENT CHARGES	180	9.840%					0.00		739.88			739.88		(1,167.80)
31-Mar-89	$523,974.85-180 DAYS @9.840%				25,779.56			25,779.56		0.00			0.00		24,611.76
31-Mar-89	REIMBURSEMENT BY BORROWER				(25,066.96)			(25,066.96)		0.00			0.00	25,066.96	(455.20)
30-Sep-89	180 DAYS-LATE PAYMENT CHARGES	180	9.136%					0.00		544.79			544.79		89.59
30-Sep-89	$523,974.85-180 DAYS @9.136%				23,935.17			23,935.17		0.00			0.00		24,024.76
30-Sep-89	PERIODIC PAYMENT			65,496.86				65,496.86		0.00			0.00		89,521.62
29-Sep-89	REIMBURSEMENT BY BORROWER			(65,496.86)	(23,935.17)			(89,432.03)		0.00			0.00	89,432.03	89.59
INSERT ROWS AND COPY FORMULAS FROM ABOVE ROW															
	TOTAL DUE			0.00	712.60	0.00	0.00	712.60	0.00	(623.01)		0.00	(623.01)	141,970.46	89.59

22

ANEXO 7 2-5-88

513-HR-002

Consolidated (85% Prin.) Second Rescheduling

	Exim Rate 41,748,146.34		Int.	Prin	
	Amt. Rescheduled				1748146.34
	8/15/87			—	1748146.34
	2/15/88			—	
	8/15/88	9.7199%	849517	—	
	2/15/89	9.7199%	849517	—	
	8/15/89	9.1362%	798527	—	
	2/15/90			—	
	8/15/90			—	
	2/15/91			—	1748146.34
	8/15/91			21851829	15296285.05
	2/15/92			21851829	13111097.6
	8/15/92			21851829	10925911.47
	2/15/93			21851829	8740733.18
	8/15/93			21851829	6555554.89
	2/15/94			21851829	4370366.60
	8/15/94			21851829	2185537.31
	2/15/95			2185537.31	— 0

COUNTRY: CHILE AMOUNT OF LOAN: $1,748,146.34 INTEREST RATE: EX-IN PROJECT NO: 513-HA-002 PRE 620 (B) AMOUNT OUTSTANDING

DATE	DESCRIPTION	NO. OF DAYS	% RATE	PRINCIPAL	PAYMENTS MADE BY AID AND REIMBURSEMENTS: INTEREST	LATE CHARGES DUE INVESTOR	RUB/OTHER FEES	SUB-TOTAL	A.I.D. FEE DUE AND REIMBURSEMENTS	LATE PAYMENT CHARGES DUE AID	CREDIT FOR PREV LATE PAYMENT CHARGES PAID INVESTOR	LATE PAYMENT CHARGES COLLECTED	NET LATE PAYMENT CHARGES FOR CUR. PER.	NON-FAX PAYMENTS REC. FR BORROWER	BALANCE DUE A.I.D.
15-Aug-87	BALANCE BROUGHT FORWARD				5,522.89			5,522.89							5,522.89
15-Feb-88	180 DAYS INTEREST	180	9.6152					0.00		265.51			265.51		5,788.40
15-Feb-88	$1,748,146.34-180 DAYS @ 9.6152				84,042.14			84,042.14		0.00			0.00		89,830.54
15-Feb-88	REIMBURSEMENT BY BORROWER				(9,349.41)			(9,349.41)						9,349.41	80,481.13
INSERT ROWS AND COPY FORMULAS FROM ABOVE ROW															
TOTAL AS OF APRIL 27				0.00	80,215.62	0.00	0.00	80,215.62	0.00	265.51		0.00	265.51	9,349.41	80,481.13

INSERT ROWS AND COPY FORMULAS FROM ABOVE ROW
TOTAL AS OF

8/15/91 - 1st prin. due

ANEXO 9

COUNTRY: CHILE AMOUNT OF LOAN: $1,748,146.34 INTEREST RATE: EX-IM PROJECT NO: 513-HR-002 620 (G) DEBT

DATE	DESCRIPTION	NO. OF DAYS	% RATE	PAYMENTS MADE BY AID AND REIMBURSEMENTS: PRINCIPAL	INTEREST	LATE CHARGES DUE INVESTOR	RNB/OTHER FEES	SUB-TOTAL	A.I.D. FEE DUE AND REIMBURSEMENTS	LATE PAYMENT CHARGES DUE AID	CREDIT FOR PREV LATE PAYMENT CHARGES: LATE CHARGES PAID INVESTOR	CHARGES COLLECTED	NET LATE PAYMENT CHARGES FOR CUR. PER.	NON-ADD PAYMENTS REC. FM BORROWER	BALANCE DUE A.I.D.
27-Apr-88	AMT. OUTSTANDING PRE 620 (G)														80,481.13
15-Aug-88	180 DAYS-LATE PAY CHARGES	180	9.719%					0.00		3,910.98			3,910.98		3,910.98
15-Aug-88	$1,748,146.34-180 DAYS @9.719				84,951.17			84,951.17					0.00		88,862.15
15-Aug-88	REIMBURSEMENT BY BORROWER				(2,723.41)			(2,723.41)		(3,889.14)			(3,889.14)	6,612.55	82,249.60
15-Feb-89	180 DAYS-LATE PAY CHARGES	180	9.719%					0.00		7,907.90			7,907.90		90,157.50
15-Feb-89	$1,748,146.34-180 DAYS @9.719				84,951.17			84,951.17		0.00			0.00		175,108.67
22-Feb-89	REIMBURSEMENT BY BORROWER				(82,227.76)			(82,227.76)		(21.84)			(21.84)	82,249.60	92,859.07
15-Aug-89	7 DAYS-LATE PAY CHARGES.	7	9.136%					0.00		311.07			311.07		93,170.14
15-Aug-89	173 DAYS-LATE PAY CHARGES	173	9.136%					0.00		4,076.84			4,076.84		97,246.98
15-Aug-89	$1,748,146.34-180 DAYS @9.136				79,855.32			79,855.32		0.00			0.00		177,102.31
15-Aug-89	REIMBURSEMENT BY BORROWER				(79,855.32)			(79,855.32)		0.00			0.00	79,855.32	97,246.99
INSERT ROWS AND COPY FORMULAS FROM ABOVE ROW															
	TOTAL DUE			0.00	84,951.18	0.00	0.00	84,951.18	0.00	12,295.81		0.00	12,295.81	168,717.47	97,246.99

ANEXO 10

COUNTRY: CHILE AMOUNT OF LOAN: $205,664.28 INTEREST RATE: EX-IM PROJECT NO: 513-HA-003 FAE 620 (Q) AMOUNT OUTSTANDING

DATE	DESCRIPTION	NO. OF DAYS	% RATE	PRINCIPAL	PAYMENTS MADE BY AID AND REIMBURSEMENTS: INTEREST	LATE CHARGES DUE INVESTOR	FND/OTHER FEES	SUB-TOTAL	A.I.D. FEE DUE AND REIMBURSEMENTS	LATE PAYMENT CHARGES DUE AID	CREDIT FOR PREV LATE CHARGES PAID INVESTOR	LATE PAYMENT CHARGES COLLECTED	NET LATE PAYMENT CHARGES FOR CUR. PER.	NON-ADD PAYMENTS REC. FR BORROWER	BALANCE DUE A.I.D.
01-Oct-87	BALANCE BROUGHT FORWARD				1,266.53			1,266.53							1,266.53
31-Mar-88	180 DAYS INTEREST	180	9.6152					0.00		60.89			60.89		1,327.42
31-Mar-88	$205,664.28 - 180 DAYS @ 9.6152				9,887.31			9,887.31		0.00			0.00		11,214.73
INSERT ROWS AND COPY FORMULAS FROM ABOVE ROW															
TOTAL AS OF APRIL 27				0.00	11,153.84	0.00	0.00	11,153.84	0.00	60.89		0.00	60.89	0.00	11,214.73

INSERT ROWS AND COPY FORMULAS FROM ABOVE ROW
TOTAL AS OF

COUNTRY: CHILE AMOUNT OF LOAN: $205,664.28 INTEREST RATE: EX-IM PROJECT NO: 513-HR-003 620 (Q) DEBT

DATE	DESCRIPTION	NO. OF DAYS	INTEREST % RATE	PRINCIPAL	PAYMENTS MADE BY AID AND REIMBURSEMENTS: INTEREST	LATE CHARGES DUE INVESTOR	RNB/OTHER FEES	SUB-TOTAL	A.I.D. FEE DUE AND REIMBURSEMENTS	LATE PAYMENT CHARGES DUE AID	CREDIT FOR PREV LATE PAYMENT CHARGES PAID INVESTOR	LATE PAYMENT CHARGES COLLECTED	NET LATE PAYMENT CHARGES FOR CUR. PER.	NON-ADD PAYMENTS REC. FM BORROWER	BALANCE DUE A.I.D.
27-Apr-88	AMT. OUTSTANDING PRE 620 (Q)							0.00							11,214.73
30-Sep-88	180 DAYS-LATE PAYMENT CHARGES	180	9.719%					0.00		544.98			544.98		544.98
30-Sep-88	$205,664.28-180 DAYS @9.719%				9,994.26			9,994.26					0.00		10,539.24
30-Sep-88	REIMBURSEMENT BY BORROWER				(9,994.26)			(9,994.26)		(544.98)			(544.98)	10,539.24	(0.00)
31-Mar-89	180 DAYS-LATE PAYMENT CHARGES	180	9.840%					0.00		544.98			544.98		544.98
31-Mar-89	$205,664.28-180 DAYS @9.840%				10,118.68			10,118.68		0.00			0.00		10,663.66
31-Mar-89	PRINCIPAL DUE			205,664.28				205,664.28		0.00			0.00		216,327.94
31-Mar-89	REIMBURSEMENT BY BORROWER			(205,664.28)	(9,838.98)			(215,503.26)		(266.33)			(266.33)	215,769.59	558.35
30-Sep-89	180 DAYS-LATE PAYMENT CHARGES	180	9.136%					0.00		25.51			25.51		583.86
INSERT ROWS AND COPY FORMULAS FROM ABOVE ROW															
TOTAL DUE				0.00	279.70	0.00	0.00	279.70	0.00	304.16		0.00	304.16	226,308.83	583.86

Pd

#9

03-02-90

PRE/H, Eliecer Fernández

Colocación de fondos, estado de la cartera y otros aspectos del Préstamo 511-HG-007

RHUDO/SA, Sonny Low

A continuación presento un análisis de la colocación de fondos provenientes del préstamo 511-HG-007 por parte de la Caja Central de Ahorro y Préstamo, estado de la cartera, desembolsos por parte del Banco Central, auditoría de dos Mutuales por parte de la oficina de Contraloría de la Misión de AID en Bolivia y criterio sobre la accesibilidad.

El Sr. Robert Kramer, Sub Director de la Misión fué informado de las observaciones contenidas en este informe el día 22 de Febrero de 1990.

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- CACEN debería preparar una proyección realista del uso de fondos por un período de doce meses en vista del desfase que se ha producido por la falta de liquidez;

- CACEN presente a la Misión y RHUDO/SA su plan para reducir al mínimo, en un período razonable, la morosidad de las tres Mutuales señaladas en este informe incluyendo la sustitución de préstamos;

- RHUDO/SA analice la interpretación que se le debe dar a la sección 5.06 del Convenio de Ejecución y dé por escrito las instrucciones del caso a CACEN para que ésta se encuentre en posición de poder asesorar a las Mutuales;

- el Sr. Kramer está bien situado en su enfoque global de la ejecución del programa aunque en algunos aspectos hay que tener presente los esfuerzos del Sistema y de CACEN en particular. No obstante, creo que sería conveniente estudiar la o las limitaciones que pudiera imponer la sección 5.06 del Convenio de Ejecución y determinar si es posible que las Mutuales califiquen a solicitantes teniendo en cuenta otros factores que den más flexibilidad para llegar a familias de bajos ingresos, incluyendo el financiamiento dentro del programa de Alimentos por Trabajo; y que

- una revisión de campo se debería programar para el mes de Junio después que el auditor de CACEN haya auditado por lo menos cuatro Mutuales y se tenga acceso al informe de Auditoría Interna.

Drafted by: EF/ap/lt
OIS 0212I 03-02-90

MEMORANDUM

FECHA: Marzo 2, 1990

A: Sonny Low, RHUDO/SA

DE: Eliecer Fernandez, PRE/H

ASUNTO: Servicio de la Deuda

RE: Préstamo 526-HG-001 - Paraguay

El prestatario del préstamo de la referencia, Banco Nacional de Ahorro y Préstamo para la Vivienda, se encuentra en mora por los pagos vencidos en Julio 1, 1989 y Enero 1, 1990; por tanto, en estos momentos el país se encuentra afectado por las restricciones que impone la cláusula 620(Q). El total pendiente de pago, incluyendo intereses penales es $447,838.54 a Enero 1, 1990. El pago semestral es $ 198,852.57.

El día 26 de Febrero de 1990, acompañado del Dr. Julio C. Basualdo, Oficial de Programas de AID en la Embajada Americana, tuve dos entrevistas, una con el presidente del Banco Nacional de Ahorro y Préstamo Ing. Enrique Díaz Benza y la otra con el Presidente del Banco Central, Dr. Crispiniano Sandoval con el fin de conocer las razones del no pago por parte del Prestatario.

En la reunión que sostuvimos en el Banco Nacional de Ahorro y Préstamo, me informaron lo siguiente:

- Los saldos de los préstamos a los prestatarios se ajustaban anualmente por la variación del índice de inflación publicado por el Banco Central con el fin de utilizar este ajuste para fines del servicio a la deuda. En vista de que el pago se hacía oneroso para el prestatario, el Banco cambió la estructura del préstamo al beneficiario, elevando la tasa de interés del 11% al 15% (4% a Reservas) para continuar acumulando una reserva con su respectivo fondo con el fin de cubrir la fluctuación de cambio. El ajuste por la variación del índice de inflación se descontinuó a partir de ese momento.

- A la fecha de contratación del préstamo, la tasa de cambio era Gs. 126 por US$1.00 y así se mantuvo hasta 1984 cuando cambió a Gs. 160 y así sucesivamente hasta 1989 cuando la tasa alcanzó a Gs. 1,204 por US$ 1.00, o sea aproximadamente 10 veces la tasa original.

- El Ministerio de Hacienda ha exigido que el BNAPV cubra la diferencia de cambio, lo que pudo hacer hasta el pago vencido en Enero 1, 1989, cuando se agotó la reserva y consecuentemente el fondo, siendo esta la razón por la que el Banco no ha realizado los pagos de Julio 1, 1989 y Enero 1, 1990. Debido a que el Banco no ha hecho el depósito correspondiente en moneda local con el Banco Central, éste no aprueba el pago en dólares al Inversionista y AID.

En conclusión, creo que el Gobierno del Paraguay va a hacer los pagos para mantenerse fuera de las restricciones de la cláusula 620(Q) y que al mismo tiempo, el Banco Nacional de Ahorro y Préstamo está tratando de resolver los problemas existentes para facilitar sus gestiones de un nuevo financiamiento, de ser factible.

June 1, 1990

MEMORANDUM

To: Mr. David Grossman, PRE/H
From: Eliecer Fernandez, ICMA
Subject: Report on work done during the period 04/01/90 through 05/31/90

In order to comply with the terms of ICMA's contract with AID, following is a summary of work done during the period 04/01/90 through 05/31/90. I attach the documentation to support the work done, except in the cases of meetings, discussions regarding loan documentation, policies, etc.

Review of the escrow accounts held by Riggs National Bank and preparation of terms of reference for Riggs' Internal Auditor
Report attached: ANNEX 10

Field trip: Honduras and Jamaica
Purpose: To familiarize myself with IG's findings and recommendations and discuss action(s) to be taken to close recommendations on the audit of the Jamaica project 012C
Report attached: ANNEX 11

Revision of Section 7.05 of the Implementation Agreements- Audit of Borrower's records by Independent Auditors
Memorandum to PRE/H: ANNEX 12

Paraguay HG program debt service
Problem: 620(q) sanctions- ANNEX 13

Chile 620(q)
Problem: The Central Bank was missing a payment under the terms of the previous Paris Club Agreement
Action Taken: Inform the American Embassy regarding the potential 620(q) sanctions on 08/15/90 ANNEX 14

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Additional

1.- Preparation of the Terms of Reference and Guidelines for the Jamaica assignment

2.- Review of documentation for the Panama 002 close out

3.- Review of IG's report on Jamaica 012C

4.- Meetings with FM/LMD to discuss escrow accounts

5.- Review of documentation of Kenya loan 001 Re: 620(q) sanctions

558N

#10

THE RIGGS NATIONAL BANK
INTERNAL AUDIT DIVISION

Agency for International Development
Audit Certification
April 12, 1990

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May 23, 1990 #11

MEMORANDUM

TO: William Gelman, PRE/H
FROM: Eliecer Fernandez, PRE/H
Subject: Reserve Fund Distribution
Ref: Projects 522-HG-001, 002- Honduras

During my recent visit to the Office of the Regional Inspector General in Tegucigalpa regarding the audit of the Borrower and Sub-borrowers in Jamaica, I visited Banco Atlantida to obtain information regarding the status of the distribution of the Reserve Funds on the referenced projects. Mr. Rafael Dominguez of RHUDO/CA accompanied me and met Mr. Justo Fernandez, Vice-President of the Bank, Chief of the Trust Department.

Mr. Fernandez informed us that the distribution of the funds is being made as scheduled and that 85% of the funds have been distributed which represents approximately 80% of the number of beneficiaries.

I requested Mr. Fernandez that the Bank submit to RHUDO/CA a report regarding the status of the fund distribution by project. I expect that by the end of May 1990, RHUDO/CA will receive such report and will provide PRE/H a copy for our records and the projects close outs files.

07N(05-23-90)

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May 31, 1990

#12

MEMORANDUM

TO: William Gelman, PRE/H
FROM: Eliecer Fernandez, PRE/H
Subject: Audit of HG Program by Independent Auditors under Section 7.05 of the Implementation Agreement

The recent audit conducted by the Regional Inspector General-Audit/T of the Borrower and Sub-borrowers in Jamaica indicates:

1.- Independent Auditors' scope does not include basic financial aspects of the program,e.g., disbursements to borrower in local currency (Source and Use of Funds), advances to sub-borrowers by borrower, loan portfolio generated by sub-borrower to liquidate advances, verification of portfolio and reconciliation of funds balance in separate bank accounts.

2.- Borrower and Sub-borrowers,generally, did not maintain general ledger and subsidiary ledgers for accounting of the program; therefore, an audit of the program financial accounts proved lengthy and difficult. This resulted in the Independent Auditors' inability to certify accuracy of accounts.

The Inspector General Office had difficulty in auditing source and use of funds in the Jamaica case because borrower and sub-borrowers did not maintain accounts to identify program transactions and posting of transactions, in some instances, was six months and longer in arrears.

To minimize difficulties in future audits, I suggest Section 7.05- Reports, Books and Records, Audit and Inspection be more specific in its context so Borrower would implement a generally accepted accounting system and sub-system to account for the program transactions. This Section could read as follows:

Section 7.05-Accounting Records, Financial Reports, Independent Audit and Inspection

A.- The Borrower shall:

1.- Maintain financial accounts as part of its general ledger related to the HG program to include subsidiary ledgers identifying sub-transactions related to components of a project, sub-borrowers and sub-programs. A separate bank account will be maintained for all project cash transactions.

2.- Provide sub-borrowers necessary guidelines regarding program accounting

REPORT NO._____

PROJECT NO. 532-HG____

CARIBBEAN HOUSING FINANCE COPR. LTD.
SCHEDULE OF LOANS GENERATED AND STATUS OF
THEIR PRESENTATION BY THE SUB-
BORROWER TO CHFC

Sub-borrower:_____

Quarter ended on:_____

	This Period	Cumulative
1. Total amount received from CHFC	J$_____	J$_____
2. Total amount of loans generated and presented to CHFC as liquidation of advances	_____	_____
3. Total amount of loans to be generated to liquidate advances (1-2)		_____
4. Total amount of loans generated and not presented to CHFC yet (attach schedule)		_____
5. Advance level after presentation of loans listed on No. 4 (3-4)		_____
6. % of cumulative loans generated over total advances 2./.1		_____%
(2+4) ./. 1 (Reference only)		_____%

503N (page 11)

CARIBBEAN HOUSING FINANCE CORPORATION LTD.
SUB-ACCOUNTING SYSTEM AND REPORTING PROCEDURES
TERMS OF REFERENCE

I- BACKGROUND

Caribbean Housing Finance Corp. Ltd. is the borrower of the Housing Guaranty Loans 532-HG-012A,B, C. CHFC in turn on-lends the HG funds to Public and Private Institutions (Sub-borrowers) to be invested in the financing of eligible loans to eligible families. Due to the nature of the program, Borrower and Sub-borrowers should coordinate accounting systems to facilitate internal reporting procedures as well as inter-institutional reporting.

The Regional Inspector General-Audit/Tegucigalpa, conducted an audit of the Housing Guaranty Program in Jamaica, from August to December 1989, and has made recommendations regarding the need to implement a proper accounting system, internal controls and reporting procedures related to the financial aspects of the program.

The Public and Private Sector Institutions participating in the program as Sub-borrowers are:

Ministry of Construction (H)
Urban Development Corporation
Jamaica Teachers Assn. Housing Cooperative
Kingston Credit Union
Cooperative Credit Union League

II- OBJECTIVE

The objective of the consultancy is to develop a sub-financial accounting system for the Caribbean Housing Finance Corp. Ltd., as borrower of the Housing Guaranty Program. This will include the development of manual of procedures and financial management reporting system.

The financial accounting system and financial management reporting procedures will be developed for CHFC separated by project component and further separated at the sub-borrower level. The two components are 1) Basic Shelter (MOC-H) and 2) Private Sector. The breakdown by sub-borrower will be within each component.

LIABILITIES
Advances from CHFC
Retentions to Contractors
Sub-Account (Contractor)
Sub-Project_____

INCOME STATEMENT
Fees Income
Sub-Project_____

complete listing of these accounts has been provided to RHUDO
ttached).

The Accounting Manual has not been drafted yet. Also, the
nancial Procedures Manual applied to HG programs will have to
drafted. The drafting of these two should not take too much
me and the Consultant is ready to do it. EDCO will send a letter
RHUDO requesting technical assistance to fund this process.

The system provides for a complete accounting by Project and
rther by Cost Item. This facilitates tracking of disbursements
de for any particular component of a project, e.g. Contract Cost,
rvey Fees, Infrastructure. Once a project is completed, the
stem provides all necessary information regarding the termination
st of a project, which will reconcile with the financing provided
CHFC, after indirect costs are accounted for.

The new system, once fully implemented, will fulfill the
quirements of a sound accounting system and this will make it
ssible for EDCO's Independent Auditors to conduct periodic audits
accordance with generally accepted auditing standards.

The Consultant also informed us that the Board Resolution
open a bank account for the Program, will be signed today,
' 16, 1990. The Bank's certification should be ready by
' 18, 1990.

se actions were described in a letter from EDCO to RHUDO dated
' 15, 1990. The letter noted in detail the actions taken to
vide a complete accounting for HG funds and audited financial
atements for the company. The letter also included a source and
statement as of March 31, 1990, noting that EDCO had expended an
unt in excess of the J$35.5 million advance on HG projects.

.N(Page5)

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MEMORANDUM

: George Deikun, ARHUDO/CAR

om: Eliecer Fernandez, PRE/H

oject: Audit of Financial Statements and Implementation of separate accounts for the Housing Guaranty Program

Estate Development Co. Ltd. (EDCO) Sub-borrower-532-HG-012

: Meetings 05/08/90, 05/16/90
Letter, EDCO to RHUDO 05/15/90

Mr. James Morrison, Chartered Accountant, Consultant to EDCO, with Tom McAndrews and myself in regard to responding to the RIG aft audit findings. He has provided the following information taining to the EDCO accounting systems:

-Touche Ross International has completed the audit of EDCO's 1988 financial statements. The audited report will be submitted to EDCO by May 31, 1990. A copy will be provided to RHUDO/CAR.

-The Auditors are working on the 1989 financial statements and the report should be submitted to EDCO by July 31, 1990. The Auditors will start the audit of the 1990 financial statements thereafter.

The Consultant has developed a system that provides complete regated accounting of the Housing Guaranty Program (Attachment This includes the following:

BALANCE SHEET
ASSETS-HG012
Bank Account No._____
Advances to Contractors
Sub-account (Contractor)
Sub-Project_____
Work in Progress(Work Orders)
Sub-account (Project)
Sub-account (component)
Cost of Projects Terminated
Sub-Project_____

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The Financial Consultant to Estate Development Co. Ltd., Mr. James Morrison has developed a new chart of accounts and subsidiary ledgers chart which provides a separate accounting for the Housing Guaranty Loans; therefore, EDCO's External Auditors should not encounter difficulties in auditing the program financial accounts and give an opinion regarding the accuracy of them.

The revised chart of accounts and subsidiary ledgers to be implemented by CHFC must be tested, and revisions made during the course of their implementation.

503N(page 20-21)

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May 16, 19

MEMORANDUM

To: Mr. George Deikun, ARHUDO/CAR

From: Eliecer Fernandez, PRE/H

Subject:

1. -Terms of Reference
   Re: Sub-Accounting System for CHFC
2. -Suggested Guidelines to be incorporated to the External Auditors' Guidelines regarding the Audit of CHFC
3. -Sub-Accounting System for the Sub-borrowers (Private Sector)
4. -Reporting Formats

The Regional Inspector General-Audit/Tegucigalpa has made recommendations regarding the implementation of accounting procedures by CHFC and Sub-borrowers (EDCO and Private Sector).

I have prepared Terms of Reference for a Local Firm to develop a Sub-Accounting System and Reporting Procedures on CHFC's personal computer. Also, I have drafted reporting forms to be tested by CHFC and Sub-borrowers(Public and Private).

Attached is the following material:

1. -Terms of Reference
2. -General Ledger-HG Project Accounts (PC)
3. -Subsidiary Ledgers (PC)
4. -Sub-Accounting System-Modules (PC)
5. -Suggested Quarterly Financial-Management Reports to be generated from the PC-Modules A to H
6. -Additional Reporting Forms
   a) Statement of Source and Use of Funds (CHFC)
   b) Request by Sub-borrowers for Advances (Sub-borrowers)
   c) Schedule of loans generated and status of their presentation to CHFC(Sub-borrowers)
7. -Suggested Project Guidelines to be incorporated to the External Auditors' guidelines regarding the audit of CHFC-Section 7.05D IA
8. -General Ledger HG Project Accounts (Sub-borrowers)
9. -External Auditors' Examination (Sub-borrowers)
10. -Suggested subsidiary ledgers (Sub-borrowers)
11. -Reports(Sub-borrowers)
    a) Source and Use of Funds
    b) Statement of Unliquidated Advances

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On May 4, 1990 I travelled to Kingston to:

1.- Write the Terms of Reference for a local firm to develop a sub-accounting system on CHFC's personal computer.

2.- Write suggested project guidelines to be incorporated in the External Auditors' guidelines regarding audit of CHFC, Section 7.05D of the Implementation Agreement.

3.- Write additional guidelines to be incorporated in CHFC's guidelines to Sub-borrowers regarding financial procedures, sub-accounting system, scope of the Independent Auditors' audit and reporting to CHFC to be reconciled with CHFC's sub-accounting system.

Regarding the Estate Development Company's sub-accounting system, I reviewed the Chart of General Ledger and Subsidiary Ledger Accounts prepared by Mr. James Morrison, Chartered Accountant, Consultant to EDCO. In my opinion it complies with RIG/A/T recommendations. The Accounting Manual and Program Financial Procedures have not yet been prepared. EDCO will request AID's assistance for this task. Touche Ross International completed the audit of EDCO's 1988 financial statements and audited financial statements will be submitted to EDCO by May 31,1990 with copy to RHUDO/CAR. The auditors are working on the 1989 audit and once completed, they will beging work on FY 1990.

The material I have prepared is in RHUDO/CAR to be submitted to CHFC and the local firm which will develop the sub-accounting system. I have indicated to RHUDO/CAR that if the local firm should experience difficulty in developing the system, it should contact us in Washington to clarify any doubts and make revisions to the material attached to the Terms of Reference.

Following is the material prepared in Kingston by our office and the Consultant to EDCO:

1.- Terms of Reference for the local firm-Attachment 1

2.- Suggested project guidelines to be incorporated in the External Auditors' guidelines regarding the audit of the CHFC-Section 7.05D, IA- Attachment 2

3.- Procedures guidelines and sub-accounting system for sub-borrowers- Attachment 3

4.- Copy of the Chart of Accounts and subsidiary ledger developed by the Consultant to EDCO

I expect we will have no major difficulties during the implementation of the guidelines and procedures suggested.

503N(05/24/90)

May 24, 1990

MEMORANDUM

To: William Gelman, PRE/H
From: Eliecer Fernandez,PRE/H
Subject: Terms of Reference and related material, for a
Local Firm consultancy in Kingston
Re: RIG's audit of HG Program-1989
Ref: 532-HG-012

The Regional Inspector General-Audit/Tegucigalpa conducted an audit of the referenced program in Jamaica, from August to December 1989 and has made recommendations regarding the need by Borrower and Sub-borrowers to implement a proper accounting system and reporting procedures related to the financial aspects of the program.

On April 29, 1990, I travelled to Tegucigalpa to meet Messrs. Thomas Gola and Ricardo Calderon, RIG's Office, to familiarize myself with observations and Recommendations related to the audit, primarily to the Independent Auditors' guidelines. RIG's Office requires that 1) the Independent Auditors comply with Government Auditing Standards, United States General Accounting Office, particularly with Chapters 3, 4 and 5, and 2) an opinion regarding accuracy of the financial accounts of the program be provided. I agree the External Auditors of CHFC did not expand their scope of the audit to include areas mentioned in Section 7.05 of the Implementation Agreement. This will probably require a rewording of this Section in future Implementation Agreements so that the Borrower will be aware of projected auditing cost.

#13

Mayo 30, 1990

Dr. Julio Basualdo
Embajada Americana
Asuncion, Paraguay

Estimado Julio:

Con fecha 25 de Abril, 1990 (State 132264) te enviamos un cable solicitando informacion referente a los pagos vencidos en Julio 1, 1989 y Enero 1, 1990 por $ 198,852.57 cada uno mas intereses penales por $ 50,133.40, de cuya suma, $ 26,352.42 corresponde a fecha anterior de entrar en efecto las sanciones de la 620(q).

Te agradecere que nos informes sobre la situacion de estos pagos ya que se aproxima otro en Julio 1,1990.

Saludos,

Eliecer Fernandez

513N(05/30/1990)

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records, separate bank accounts and financial reporting procedures.

B.- The borrower shall maintain books and records related to the Program for three years after project completion and related to the loan, for three years after the loan has been fully repaid.

C.- Until the loan is fully repaid, the borrower shall arrange to have such books and records audited annually by Indpendent Auditors in accordance with generally accepted auditing standards, and more specifically with the Government Auditing Standards-United States General Accounting Office (GAO). Such audits shall provide a report on the accuracy of project financial accounts and be submitted to AID annually; and

D.- Borrower shall afford authorized representatives of AID the opportunity at reasonable times to inspect the program, books, records, and other documents relating to the Program, the Loan and this Agreement.

We may need GC to review suggested wording for Section 7.05 of the Implementation Agreement.

506N(05/31/90)

#14

Abril 23, 1990

Sr. Renato Hidalgo

Estimado Renato:

De acuerdo con tu memorandum del 20 de Abril de 1990, he podido determinar como AID aplico la suma de $ 68,500 recibida el dia 15 de Febrero de 1990. Seguidamente la conciliacion de la aplicacion del pago:

Pago vencido el 15 de Febrero de 1989	$ 84,951.17
Mas: Intereses penales al 15 de Febrero de 1990 (ver estado que se acompana)	15,554.38
Total	100,505.55
Menos: Pago recibido del Banco Central de Chile	68,500.00
Saldo pendiente de pago	32,005.55
Menos: Cantidad recibida de AID para ser aplicada al HR002 y HR003	38,629.78
Monto aplicado al HR 003	$ 6,624.23

De acuerdo con esta conciliacion, el Banco Central aun tiene pendiente el pago del 15 de Febrero de 1990 por $ 72,932.67, de acuerdo con el estado de cuenta que te acompano.

Te agradecere que el Banco Central de Chile informe si en algun momento el Banco hizo el pago vencido el 15 de Febrero de 1989 y si lo hizo, como lo hizo y por cuanto. En cuanto al 513-HR-003, no existe saldo pendiente a esta fecha.

Te agradecere que solicites al Banco Central que cuando haga sus remesas a AID identifique el monto a aplicar a los prestamos HR(Club de Paris-Programa de Inversiones Garantizadas).

La Oficina de Contraloria me informa que los avisos de pago de los HR (Programa de Inversiones Garantizadas) los envia directamente a la Embajada a la atencion del Representante de AID. Dime si ustedes estan recibiendo estos avisos de pago.

HG00005

Mayo 30, 1990

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Mayo 30, 1990

Estimado Renato:

No hemos recibido informacion sobre la conciliacion presentada en mi carta de fecha Abril 23, 1990. Con fecha de hoy, aun esta pendiente de pago $ 72,932.67 vencido a 15 de Febrero, 1990. Al momento de recibir el pago, AID computara intereses penales y apareceran en el proximo estado.

Te agradecere que me informes sobre la revision hecha por el Banco Central.

Saludos,

Eliecer Fernandez

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AMERICAN EMBASSY
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
Asunción, Paraguay

31 MAYO 1990

FAX COVER SHEET

DATE: May 30, 1990

TO: Mr. Eliecer Fernandez, PRE/H

OFFICE: AID/PRE/H

FAX NO: (202)663-2552

FROM: Julio C. Basualdo

OFFICE: USAID/PARAGUAY

FAX NO: 595-21-213-728

NO. OF PAGES INCLUDING COVER SHEET: 2

MESSAGE

Estimado Eliecer:

El STATE 172099 que te envio adjunto a esta indica que los pagos mencionados en tu telex del 30/V/90 fueron hechos el 22 de Mayo.

Atentos saludos.

UNCLASSIFIED

Department of State

OUTGOING TELEGRAM

V13N

STATE 132264 7638 036223 AID5570

O-00

OFFICE HO-07
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DRAFTED BY: AID/PRE/H: EFERNANDEZ: NEC: DOC1581H
APPROVED BY: AID/PRE/H: WGELMAN
AID/PRE/H: JHAGGER AID/LAC/SAM: RKAHN (PHONE)
AID/PFM/FM: SPAPAS (INFO)

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INFO AMEMBASSY QUITO

UNCLAS STATE 132264

AIDAC FOR JULIO BASUALDO AND FRANCIS CONWAY

E.O. 12356: N/A
TAGS:
SUBJECT: UNPAID DEBT SERVICE

REF: 526-HG-001 PARAGUAY

1. THE NATIONAL SAVINGS BANK HAS NOT MADE THE FOLLOWING PAYMENTS ON THE REFERENCED LOAN:

DUE DATE	AMOUNT	620 (Q)
07/01/89	DOLLARS, 198,852.57	01/02/90
01/01/90	198,852.57	
LATE PAYMENT CHARGES AS OF 01/01/9U	50,133.40 1)	

TOTAL AMOUNT DUE DOLLARS 447,838.54

1) THIS INCLUDES PRE-620 (Q) FOR DOLS 26,352.42

2. LATE PAYMENT CHARGES WILL ACCRUE FROM THE DUE DATES TO THE DATE RIGGS NATIONAL BANK RECEIVES THE PAYMENT.

3. PRE/H WILL APPRECIATE YOUR INFORMING IT REGARDING THE PAYMENTS STATUS. BAKER

APR 27 1990 RECEIVED

UNCLASSIFIED

50

August 1, 1990

MEMORANDUM

To: Mr. David Grossman, PRE/H
From: Eliecer Fernandez, ICMA
Subject: Report on work done during the period 06/01/90 through 07/31/90

In order to comply with the terms of ICMA's contract with AID, following is a summary of work done during the period 06/01/90 through 07/31/90. I attach the documentation to support the work done, except in the cases of meetings, discussions regarding loan documentation, policies. etc.

Reconciliation of loan 529-HG-013 in Venezuela

Problem: The Borrower went out of business in 1985 and the Guarantor assumed the debt. The guarantor is not making payments on a timely fashion.

Action Taken: Inform the guarantor regarding penalty interest on late payments. 620(q) sanctions may be imposed. ANNEX 15

Bolivia Debt Service

Problem: Central Bank of Bolivia has not paid the debt service on loans that will and will not be included in the forthcoming Paris Club.

Action Taken: Report to the Mission that 007 will not be included in the Paris Club; therefore, the payments must be made on due dates. ANNEX 16

Exchange restrictions imposed by the Central Bank of Honduras

Problem: The Central Bank is not authorizing the exchange to the Administrator of the existing non-host country guaranty loan.

Action Taken: Reach an agreement with the Central Bank and Administrator to convert local currency at the prevailing rate (market rate) to remit to Riggs all collections since 1988. ANNEX 17

Unpaid debt service by Honduras on its host-country guarantee loans

Problem: Honduras is not servicing its debt on host-country guarantee loans since they will be included in the forthcoming Paris Club.

Action Taken: Inform the Mission regarding the status of the debt service.ANNEX 18

Unpaid fees by the Central Bank of Costa Rica

Problem: The Central Bank of Costa Rica has not paid Riggs its fees; therefore, AID under the terms of the Paying Agent Agreement has to reimburse the Bank.

Action Taken: Request the Central Bank to pay the fees under the terms of the Paying Agent Agreement or reimburse AID accordingly. ANNEX 19

Paper on Treasury Bills/Bonds

I analyze the formulas to be used to evaluate potential investors' offers based on Treasury Bills/Bond Yield equivalent. ANNEX 20

Unpaid debt service- El Salvador

Problem: El Salvador is not servicing its debt regularly which eventually may put the country on the 620(q) list.

Action Taken: Report to the Mission to contact the Borrower Central Bank to clear all payments in arrears. ANNEX 21

Argentina- Paris Club No.3

This memorandum explains the negative position of the program in agreements similar to this Paris Club No. 3. ANNEX 22

Complete analysis of unapplied funds by AID on Jamaica. This is for the use of RHUDO/CAR. ANNEX 23

Analysis of a refinancing of a loan in Bolivia under the present market conditions. This is for the use of the Mission in Bolivia. ANNEX 24

Analysis of a refinancing of two loans in El Salvador under the present market conditions. This is for the use of RUDO/CA. ANNEX 25.

Report to the Mission in Honduras regarding the debt service for the next five years. ANNEX 26

Report to PRE/H and RHUDO/CAR on escrowed funds Re: Loan 012C. ANNEX 27

Report to RHUDO/WA on Ivory Coast loans for the forthcoming Paris Club. ANNEX 28

Paper on swaps and hedge contracts in Chile for PRE/H.
ANNEX 29

Additional

1.- Review of documentation of Panama 003B and 005 for the forthcoming review in the field.

2.- Review of documentation on Nicaragua 003 Escrow Account with Morgan Trust.

559N

#N

Junio 5, 1990

ic. Carlos Martinez
NAVI
venida Francisco de Miranda
orre INAVI, Planta Baja
ivision Operaciones Financieras
hacao, Caracas, Venezuela

stimado amigo Carlos: Re: 529-HG-013

Como es del conocimiento del INAVI, la institucion no ha hecho us pagos en los ultimos anos en sus fechas de vencimiento. Al currir esto, AID, de acuerdo con los terminos del Contrato de arantia entre el Inversionista y AID, ha hecho los pagos por uenta del INAVI.

AID al momento de hacer los pagos se subroga en lugar del nversionista y carga intereses por mora, en este caso, a la tasa e 7.75% (Tasa de interes del prestamo) desde la fecha del pago asta la fecha que recibe el pago del INAVI. De acuerdo con la ostumbre generalizada, los intereses se cargan sobre los saldos npagos, cuyo efecto es el de cargar intereses sobre intereses nteres compuesto).

Con fecha 27 de Abril de 1988, de acuerdo con la legislacion e regula las operaciones de AID, la deuda con AID (Programa de rantia) quedo congelada hasta que AID y el Prestatario o Garante nciliaran saldos y ajustaran cuentas entre si. Sin embargo, ese ldo congelado continua generando intereses penales mas cualquier go hecho por AID a partir de esa fecha. El saldo congelado arece en el Anexo 1 por $ 8,239.49el cual se lleva a la cuenta no ngelada, Anexo 2, para propositos de intereses penales. El saldo la cuenta no congelada es de $ 8,508.14. El total de las dos entas es $ 16,747.63.

Con el fin de que el INAVI no se afecte con la acumulacion de tereses penales, creo que seria muy conveniente que ustedes alicen esta cuenta y hagan el pago correspondiente de la cuenta congelada, por lo menos, y hagan los pagos que se venzan en las chas correspondientes con el fin de que solamente acumulen tereses sobre el saldo congelado. Como veran en los estados de enta, AID solamente muestra el pago de la deuda cuando el INAVI ha hecho el pago correspondiente en la fecha de vencimiento.

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Les agradecere que una vez revisados los estados de cuenta, me informen si existe alguna discrepancia con el fin de hacer los ajustes correspondientes, de ser necesario.

El numero de telefono de mi oficina de AID en Washington es (202) 6632521 y el numero del FAX es el (202) 6632552.

Con saludos reciban el aprecio y consideracion de,

Eliecer Fernandez
Analista Financiero

Direccion: Agency for International Development
Department of State
SA 2, Suite 401
Washington, D.C. 20520

515N(06/05/90)

#16

Mayo 30, 1990

Sr. Dino Siervo
USAID/Bolivia

Estimado Dino:

Con fecha Abril 18, 1990 te enviamos un cable en el que solicitamos informacion con relacion al pago de los prestamos 511-HG-003, 511-HG-004 y 511-HG-007 por $ 89,890.00, $ 150,424.26 y $ 22,723.90 respectivamente. En el caso del 004, hay dos pagos vencidos. Te agradecere que nos informes sobre la situacion de estos pagos, ya que, en el mejor de los casos pudieran estar incluidos en el nuevo Club de Paris, Sin embargo, el pago del 007 no podra estar incluido en un Club de Paris.

Saludos,

Eliecer Fernandez

512N(05/30/90)

Junio 11, 1990

#17

IORANDUM

Ronald A. Carlson, RHUDO/CA
Eliecer Fernandez, PRE/H
nto: Comunicacion de fecha Junio 6, 1990
: Prestamos 522-HG-004, 005, 005B, 008
Prestamo 522-HG-002B(Rio Grande)

De acuerdo con tu memorandum del 6 de Junio, 1990 deseo formarte lo siguiente:

1.- Debido a que el prestamo 522-HG-002B no tiene la garantia del Gobierno de Honduras, el Banco Central considera que el Banco Atlantida debe usar las divisas a su disposicion y hacer los pagos correspondientes. En el dia de hoy hable con el Lic. Justo Fernandez y despues de aclarados ciertos puntos, quedamos que lo llame el viernes de esta semana(Junio 15) con el fin de conocer como el Banco va a utilizar sus recursos en dolares, disponibles para sus clientes, con el fin de hacer las transferencias al Riggs. Se entiende que la tasa de cambio a utilizar sera la Interbancaria que en el dia de hoy es L4.30.

No podemos esperar la tasa de L2 debido a que este prestamo no goza de la garantia del Gobierno de Honduras. Ahora bien, hay depositos en el Banco Central por L68,709.80 que seran convertidos a L2 y el resto de las cobranzas serian convertidas a la tasa interbancaria. Habria la posibilidad de depositar las cobranzas en la Mision y esta, a traves del mecanismo de conversion que se lleva a cabo en Mejico, acreditar el programa en dolares, igualmente a la tasa del mer cado que no guardaria mucha diferencia, de existir, con la tasa interbancaria.

2.- El pago vencido en 1 de Diciembre, 1989 por $693,077.95 (Prestamo 522-HG-005) fue recibido el dia 4 de Junio, teniendo ya vencido el pago de Junio 1, 1990. Como ve ras en el estado que se acompana, la tasa de interes utilizada para lo intereses por mora es del 13% y no, 16.50%.

3.- En cuanto a la no aprobacion del desembolso de $ 177,572 para el programa 008, es cierto que fue por motivo de los atrasos. Sin embargo, esta medida la

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USAID
08 JUN. 1990
LA PAZ
11:15.10

FACSIMILE COVER SHEET

USAID/BOLIVIA
Casilla 4530
La Paz - Bolivia
Tel.: 591-2-350120 - 591-2-350251
FAX NO. 591-2-391552

DATE: June 8, 1990

No. of Pages: 2
(Including cover sheet)

FROM: (Name/Office) Dino Siervo, PS

TO: Name Eliecer Fernandez
Organization PRE/H - AID/W
Country [redacted] USA
Recipients FAX No. (202) 663-2552

CLEARANCE: (Office Chief) David L. Jessee, PS

CHARGE TO: OE Funds
Project No. 511-0567
Personal

MESSAGE: Attached is a copy of the letter sent to the BCB on the HIG arrearages, based on your fax.

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#18

Junio 13, 1990

Sr. Arturo Castellon
Oficina del Controller
USAID/Honduras

Estimado Arturo:

Re: Prestamos 522-HG-004, 005,005B y 008

De acuerdo con la comunicacion del Sr. Cesar Carranza, Director, Secretaria de Hacienda y Credito Publico, dirigida al Sr. Reyes G. Herrera de la Oficina del Controller, deseo informarte lo siguiente:

1.- El saldo de los pagos atrasados en el prestamo 004 alcanza a $ 114,542.00 a Junio 1, 1990. Este saldo corresponde a los pagos vencidos de Enero 1 a Junio 1, 1990 inclusive, mas los intereses por mora calculados a la tasa de 7.75%. El saldo en mora no incluye el saldo pendiente de $ 63,120.17 (Pre 620q), pero si, los intereses por mora sobre esta suma.

2.-El saldo de los pagos atrasados en el prestamo 005 alcanza a $ 744,301.35 a Junio 4, 1990, fecha en que se recibio el pago vencido en Diciembre 1, 1989. El prestatario debe saber que los intereses por mora estan calculados a la tasa del 13% a partir de Junio 1, 1989.

3.-El saldo de los pagos atrasados en el prestamo 005A alcanza a $ 1,224,331.33 a Abril 1,1990. Este saldo incluye los intereses por mora sobre el saldo de $ 953,232.50 (Pre 620q), sin incluir dicho saldo.

4.-El saldo de los pagos atrasados en el prestamo 008 alcanza a $ 1,237,565.61 a Marzo 1,1990. Este saldo incluye los intereses por mora sobre el saldo de $ 1,183,500.00 (Pre 620q), sin incluir dicho saldo.

En cuanto a que la Oficina de Administracion Financiera FM/LMD) emita los recibos al cobro separando los intereses por ora de los pagos regulares, va a ser dificil porque el centro de omputos mantiene el registro de los prestamos vencidos, ncluyendo los intereses por mora. En todo caso, la copia del stado de cada prestamo refleja en forma separada los cargos por igos vencidos de los intereses por mora.

quiero hablar de nuevo con David Grossman y Fred Hansen para confirmar que la oficina esta actuando correctamente de acuerdo con los terminos del Convenio de Fondos Plica (Escrow).

4.- El Banco Atlantida continuara enviando informes sobre el estado de la distribucion de los fondos de reserva a RHUDO/CA y de ahi ustedes nos los enviaran a PRE/H.

En cuanto a la comunicacion del Director de la Secretaria de Hacienda y Credito Publico, Lic. Cesar Carranza, referente al estado de los prestamos garantizados, me estoy dirigiendo por separado al Sr. Reyes G. Herrera, Analista Financiero de la Mision, con copia a RHUDO/CA con el fin de hacer algunas aclaraciones sobre los montos en mora y el metodo de presentacion de los estados de cuenta por parte de FM/LMD.

520N(06/11/90)

#19

Abril 13,1990

Memorandum

A: Lic. Tobias Cerdas Saenz, Director
Deuda e Inversiones Externas, Departamento Financiero
DE: Eliecer Fernandez, Oficina de Vivienda y Programas Urbanos- AID/Washington
ASUNTO: Cargo del Riggs National Bank of Washington por $ 5,000
RE: Prestamo 515-HG-007

De acuerdo con su memorandum del 9 de Abril del corriente ano, tengo a bien informarle sobre el cargo del Riggs National Bank of Washington por $ 5,000, somo sigue:

Este cargo es de acuerdo con la Seccion 8 del Convenio de Pago y Transferencia de Abril 2, 1985, entre el Banco Central de Costa Rica y el Riggs National Bank of Washington.

El Riggs National Bank cobro por una sola vez $ 20,000 por sus servicios de Agente de Pagos y Transferencia siempre y cuando el numero total de pagares, en poder de tenedores, no exceda de 5. En este caso, con fecha Noviembre 17, 1989, pagares numero 35 al 134 inclusive fueron emitidos a favor de Booth and Co. Esta emision es en exceso de los primeros 5 pagares; por tanto, el Banco carga $50 por una vez por cada pagare de acuerdo con esta Seccion.

Debe tener presente que el valor nominal de cada pagare no puede ser menor de $ 100,000 durante la vida del prestamo.

En caso de que usted desee verificar la informacion, se puede dirigir a:

Booth and Co.
c/o Northern Trust Co.
P.O. Box 92303
Cusip No. 061994AA7
Chicago, Ill 60675-2303

En cuanto a la aprobacion de los desembolsos, es cierto que la Oficina Regional de Vivienda aprueba los desembolsos, pero de acuerdo con lo que se les explico a los funcionarios de Hacienda que nos visitaron en Noviembre 1989, AID Washington aprueba el desembolso despues de consultar con FM/LMD sobre el estado de los pagos vencidos. En cuanto al desembolso solicitado de $ 177,572, voy a tratar de nuevo esto con la Oficina de Vivienda, teniendo en cuenta los terminos del Convenio de la Cuenta Plica (Escrow).

Espero haber aclarado los puntos mas importantes de la comunicacion del Sr. Carranza y quisiera que me informaran si el Ministerio esta de acuerdo con la informacion que aparace en los estados de cuenta que te acompano.

Con mi mayor consideracion, quedo atentamente,

Eliecer Fernandez, PRE/H

521N(06/13/90)

62

International Development

Office of Housing and Urban Programs

Panafax Transmittal

ne: LIC. TOBIAS CERDAS SAENZ, DIRECTOR, DEPARTAMENTO FINANCIERO

anization: BANCO CENTRAL DE COSTA RICA

#: 506-234658

phone #: 506-334233

: 06 / 19 / 90

ect: DEBITO DEL RIGGS NATIONAL BANK POR $5,000

ages 1 + Transmittal

: ELIECER FERNANDEZ PRE/H

202-663-2552

hone #: 202-663-25 21

rks: Lic. Cerdas Saenz: De acuerdo con nuestra conversacion, le copia de mi memorandum de fecha abril 13,1990, en relacion con el cargo del $ 5,000.

BEST AVAILABLE COPY

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#20

June 20, 1990

MEMORANDUM
TO: See distribution
FROM: Eliecer Fernandez, PRE/H
Subject: Treasury Bills/Bonds

Potential Investors, in most cases, base their offers on the 26-week treasury bill, indicating that the rate of the loan will be the equivalent to the bond yield. If the offer is made based on a number of basis points, it is easier to determine the rate because it is the sum of the average discount rate plus the points. However, when the potential lender refers to the equivalent bond yield, the determination of the loan rate requires additional calculations.

Following are some formulas to compute the actual return on a trasury bill, the rate to be compared with the rate on a re-purchase agreement (REPO) and the equivalent bond yield.

TRASURY BILLS

1) Rate of Discount

The rate of discount earned on discount paper always understates the rate of return earned on a simple-interest basis.

Example:-

Investor buys $ 1,000,000 of 6-month Trasury bills at an 8% rate of discount

i) Maturity: 6 months(26 weeks or 182 days
ii) All discount securities, the discount is figured as if the year had 360 days

$ 1,000,000 (0.08) 182/360 = $ 40,444.44

iii) Investment is for $ 959,555.56
($ 1,000,000-40,444.44)

iv) Annualized return as a simple interest rate

$$\frac{1,000,000-959,555.56}{959,555.56} \text{ ./. } 182/365 \quad 8.45\% \quad (1)$$

(1) Interest earned is higher than 8% as discount rate

In order to compare the rate paid on a re-purchase agreement contract, we will have to convert the 365-day rate to a 360-day rate.

$$\frac{1,000,000-959,555.56}{959,555.56} \text{ ./. } 182/360 \quad 8.34\%$$

or 0.0834 ./. $360/365 = 8.45\%$ (1)

2) Calculating discount and price with rate given (1 year maturity)

i) The trasury bills are not outstanding for 1 year but for 364 days

ii) Treasury calculates the discount as if the year has only 360 days

iii) True discount is:

Face Value: $ 1,000,000
Discount rate: 8%

1,000,000 (0.08) 364/360 = $ 80,888.89
Price to be paid: $ 919,111.11

$$\frac{1,000,000-919,111.11}{919,111.11} \text{ ./. } 364/365 = 8.82\% (1)$$

1) Interest earned is higher than 8% as discount rate

In order to compare the rate paid on a re-purchase agreement contract, we will have to convert the 365 day rate to a 360-day rate

$$\frac{1,000,000-919,511.11}{919,511.11} \text{ ./. } 364/360 = 8.70\%$$

Note: To calculate both the discount from the face value and the price at which Treasury bills will sell depending on their current maturity and the discount at which they are quoted.

D= Discount from face value in dollars
F= Face value
d= Rate of discount
tsm= Days from settlement to maturity
P= Price

P= F-D
F-D= F(1-dtsm/360)

Example

d= 8%
tsm= 11 days

F= $ 225,000
D= 0.08 (225,000) 11/360
D= $ 550
P= 225,000- 550 = 224,450 (2)
or P= 225,000 $\left(1-\frac{0.08(11)}{360}\right)$

P= 224,450 (2)

3) Equivalent Bond yield

CASE A

Equivalent bond yield: TB 6 months (26 weeks-182 days or less to maturity)

db= Equivalent bond yield
d= Rate of discount
tsm= Days from settlement to maturity

d= 8%
tsm= 182 days

Formula: $db= \frac{365 \times 0.08}{360-(0.08 \times 182)}$

$db= \frac{29.20}{360-(14.56)}$

$db= \frac{29.20}{345.44} = 8.45\%$

db= 8.45%

CASE B

Equivalent bond yield: TB more than 6 months to maturity

Note: Most of the offers are based on 26-week-maturity trasury bill

drik Hansen, PRE/H
id Grossman, PRE/H
ert Freed, PRE/H
n Walsh, PRE/H

(06/20/90)

#21

Junio 20, 1990

MEMORANDUM
A: Sr. Roberto Brito
Oficina del Controler/San Salvador
DE: Eliecer Fernandez,PRE/H
Asunto: Servicio de la deuda-Programa de Inversiones Garantizadas
Re: 519-HG-006 y 006B-El Salvador

Los registros contables de la Oficina de Administracion Financiera de AID muestra lo siguiente en relacion con los prestamos de referencia.

519-HG-006

Fecha Vencimiento	Principal	Intereses	Comisiones
11/01/88			
Pagado	$ 68,722.61		
Saldo	61,481.36		
	7,241.25		
05/01/89			
Pagado	73,533.20		
Saldo	70,731.59		
	2,801.61		
05/01/90			
Pagado	84,188.16		
Saldo	0.00		
	84,188.16		
TOTAL	94,231.02		
05/01/90			
Pagado		$ 649,534.46	
Saldo		0.00	
		649,534.46	
05/01/90			
Pagado			$ 23,197.66
Saldo			0.00
			23,197.66

Total pendiente de pago

Principal	$ 94,231.02
Intereses	649,534.46
Comisiones AID	23,197.66
Intereses por mora	90,665.68
Total	$ 857,628.82

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El servicio regular de la deuda es de $ 756,920.28 en forma semi-anual.

519-HG-006B
01/01/90

Intereses	$ 385,000.00
Comision AID	13,750.00
Intereses por mora	40,312.50
Total	$ 439,062.50

El servicio regular de la deuda es de $ 398,750.00 en forma semi-anual durante el periodo de gracia. La amortizacion del principal no ha comenzado aun.

Te agradeceriamos que nos pudieras informar sobre el estado de estos pagos y los planes del Gobierno de El Salvador para cubrir el servicio de la deuda en sus fechas de vencimiento.

523N(06/20/90)

U S. Agency for Internation: ˙ Development
Office of Housing and Urban Programs

Panafax Transmittal

Name: MR. ROBERTO BRITO, CONTROLLE'S OFFICE

Organization: USAID/ EL SALVADOR

Fax #: (503) 980 88V

Telephone #: (503) 981 666 X 2247

Date: 06 / 11 / 90

Subject: PAYMENT STATUS - 519-HG-006/0063

# of pages 2 + Transmittal

From: ELIEZER FERNANDEZ PRE/H

Fax: 202-663-2552

Telephone #: 202-663-25 21

Remarks:

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#72

June 22, 1990

MEMORANDUM

To: David Grossman, PRE/H
From: Eliecer Fernandez, PRE/H
Subject: Paris Club No. 3-Argentina

The draft of the Bilateral Agreement was sent to Buenos Aires on April 5, 1990. This version supersedes all versions dated prior to April 5, 1990 (Paris Club Agreements 1 and 2 dated April 8, 1986 and December 14, 1989 respectively.

Highlights of this rescheduling follow:

a) Contracts cut off date: 12/10/1983
b) Loans included: 510-HG-003,004,005,006/007 and previous reschedulings (HRs)
c) Loans excluded: None
d) Consolidation period: 01/01/90 thru 03/31/91
e) Amounts rescheduled:

   i) Arrears as of 12/31/89- Regular debt service
   ii) Arrears as of 12/31/89-Previous reschedulings
   iii) Debt service 01/01/90 thru 03/31/91
   iv) Previous outstanding reschedulings balances

f) Repayment terms

   i) Consolidated debt: 8 semi-annual installments payable 01/31 and 07/31, commencing on 01/31/97
   ii) Consolidated debt: Interest payable semi-annually on 01/31 and 07/31 commencing on 07/31/90
   iii) Arrearages and previous reschedulings have different repayment terms

The total amount in arrears plus the principal of the reschedulings are approximately $ 19.5 million broken down as follows:

a) Rescheduled debt service in arrears 0
b) Principal of the reschedulings(outstanding

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balance) $ 6,6 million
c) Regular debt service in arrears 12.9 million

The annual debt service is approximately $ 3.4 million; therefore, the estimated debt service on the consolidation period would be $ 4.2 million. The total amount to be rescheduled would be approximately $ 23.7 million.

Highlights of the cash flow position follow:

a) Amount to be rescheduled: $ 23.7 million
b) Amount borrowed and to be borrowed from Treasury : $ 23.7 million(1)
c) Interest spread between the asset and the liability : + 0.50%
d) Interest to be paid to Treasury from 07/31/90 to 07/31/96 : $ 11.9 million
e) Interest to be collected, if paid by the country, from 07/31/90 to 07/31/96 : +/-$12.6 million
f) Principal to be recovered from 01/31/97 to 07/31/00 (4 years) : $ 23.7 million
g) Interest decreases, starting on 01/31/97 as principal payments are made by the country
h) Balloon payments to Treasury will start in 1992

As we can see, and this applies to most of the reschedulings, the program does not recover the financial cost of the rescheduling since interest is paid to Treasury for 10 years while the country does not follow the same terms. This reflects on additional borrowings from Treasury.

Once the bilateral agreement is signed and the total amount rescheduled known, a tentative cash flow projection will be prepared to determine the impact of this rescheduling on the program finances.

(1) This does not include interest paid to Treasury on borrowings since 1982 when Argentina suspended its payments on HGs.

526N(06/22/90-FR)

#73

June 22, 1990

MEMORANDUM

To: Mr. William Gelman, Chief, RHUDO/CAR
From: Eliecer Fernandez, PRE/H
Subject: Reapplication of ~~funds~~
Ref: Jamaica HGs

On my memorandum to Mr. George Deikun, dated May 25, 1990, I show a balance to be reapplied of $ 711,363.08 as of May 1, 1990. FM/LMD will reapply $ 265,526.83 due on June 30, 1990 Re: 532-HG-012. This will leave a balance to be reapplied of $ 445,836.25.

I will appreciate the Institutions' comments regarding the accuracy of the unapplied funds status as of June 1, 1990.

527N(06/22/90-FR)

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U.S. Agency for International Development
Office of Housing and Urban Programs

Panafax Transmittal

Name: MR. WILLIAM GELMAN, CHIEF RHUDO/CAR

Organization: USAID / JAMAICA

Fax #: (809) 9293752

Telephone #: (809) 926 3645

Date: 06 / 25 / 90

Subject: Reapplication of funds

# of pages 1 + Transmittal

From: ELIEZER FERNANDEZ PRE/H

Fax: 202-663-2552

Telephone #: 202-663-25 21

Remarks:

13

U.S. gency for International . :velopment
Office of Housing and Urban Programs

Panafax Transmittal

ne: MR. WILLIAM GECMAN, CHIEF, RHUDO/CM

anization: USAID/JAMAICA

#: 809-9293752

ephone #: 809-9263645

e: 06/25/90

ject: Payment due and reapplication of payments

pages 2 + Transmittal

m: ELIEZER FERNANDEZ PRE/H

202-663-2552

phone #: 202-663-2521

arks: FM/LHD will reduce the unapplied
vds account by $49,008.19 due on 013. Due
ate 04/01/90. The new balance of unapplied
unds will be $396,828.06

74

#w

Junio 26, 1990

MEMORANDUM

A: Sr. Dino Siervo, Oficial de Vivienda
USAID/Bolivia
DE: Eliecer Fernandez, PRE/H
Asunto: Refinanciamiento
Ref: 511-HG-005- Bolivia

De acuerdo con nuestra conversacion en el dia de ayer, seguidamente te doy informacion basica sobre este prestamo.

Monto del prestamo		$ 4,000,000
Tasa de interes		11.98%
Pago semi-anual al 12.48%		273,928
Fecha del comienzo para la amortizacion de capital		06/01/90
Prepago del prestamo a partir de Junio 1, 1990		
REFINANCIAMIENTO		
Tasa estimada de interes(fija)		9.65%
Gastos de cierre		
Comision de compromiso		1.00%
Comision de AID		0.25%
Comision del Riggs(aproximado)		20,000
Total de gastos		70,000
Tasa efectiva del prestamo		9.91%
Pago semi-anual al 10.15%		235,511
Ahorro en el primer año desde el punto de vista de flujo de caja		76,834
Ahorro en intereses en el primer año seria la diferencia del 2.33% sobre el saldo del prestamo y asi cada ano		
Tiempo por transcurrir hasta la cancelacion del prestamo		20 años
Tasa del bono del tesoro a Junio 25, 1990		
20 años	8.59%	
30 años	8.56%	

Esta informacion es solamente para que la persona indicada tenga una idea del costo de refinanciamiento del prestamo y el

15

#26

Junio 26, 1990

MEMORANDUM

A: Sr. Mario Pita, Jefe, Oficina Regional de Vivienda-Centroamerica
DE: Eliecer Fernandez, PRE/H/PS
Asunto: Refinanciamiento de los prestamos de garantia
Ref: 519-HG-006 y 006B- El Salvador

Los prestamos de referencia fueron contratados a la tasa del 14% y a la fecha se encuentran en diferentes etapadas de amortizacion. Igualmente, el convenio de prestamo da libertad al prestatario a prepagar el prestamo en ciertas fechas. En el caso del 006 es donde me encuentro con una penalidad del 10% si se prepaga en Noviembre 1, 1990.

Seguidamente presento un cuadro de cada uno de estos dos prestamos para que la Oficina Regional lo estudie y lo presente al prestatario si asi lo considera oportuno.

Prestamo 519-HG-006

Inversionista: United States Trust Company of New York
Monto original del prestamo: $ 9,500,000
Saldo del prestamo a 11/01/89: $ 9,279,064
Saldo del prestamo a 05/01/90: $ 9,194,875
Tasa de interes: 14%
Tasa combinada de interes: 14.50%
Cuota nivelada de capital e intereses al 14.50%(semi-anual) : $ 753,817
Fecha de vencimiento del prestamo: 11/01/05

Refinanciamiento

Bono del Tesoro a 06/25/90 (Referencia solamente)

30 anos	8.56%
20 anos	8.59%

16

Monto a refinanciar: $ 9,279,064
Tasa de interes combinada: 10.15%
Tiempo: 15 anos (30 pagos)
Cuota nivelada semi-anual: $ 608,786
Ahorro desde el punto de vista de
flujo de caja(semi-anual) $ 145,031

x	2
=	290,062
x	15
=	4,350,930

<u>Operacion del refinanciamiento</u>

Cantidad a refinanciar:	$ 9,279,064
110%	10,206,970
Monto de la penalidad :	927,906
1% comision de compromiso	92,790
1/4% comision de AID	23,198
Honorarios del Riggs	20,000
Costo total	1,063,894
Neto para efectos de calculo	8,215,170
Pago semi-anual al 10.15% sobre $ 9,279,064	608,786
Tasa efectiva sobre el neto de $ 8,215,170	12.38% (1)

(1) Refleja el efecto del 10% de penalidad y otros gastos de cierre. En todo caso, hay un diferencial entre el 14% y la tasa efectiva aunque la tasa efrectiva del prestamo no fue del 14% al momento de la contratacion.

Prestamo 519-HG-006B

Inversionista:Paine Webber Real Estate Securities Inc.
Monto original del prestamo: $ 5,500,000
Saldo actual del prestamo: 5,500,000
Tasa de interes: 14%
Tasa combinada de interes: 14.50%
Fecha de comienzo de la amortizacion : 01/01/98
Fecha de vencimiento : 07/01/07
Pago al 14.50% (1)
Numero de pagos por intereses hasta 1997 15
Intereses a pagar al 14% : $ 5,775,000
(7.50 anos a $ 770,000)

(1) Pago de principal e intereses
Principal $ 275,000(2)
Intereses 14% (3)
(2) Cuotas semi-anuales fijas
(3) Sobre saldos

Refinanciamiento

Monto a refinanciar: $ 5,500,000
Penalidad No
Tiempo 10 años (20 pagos)
Tasa de interes estimada: 9.65%
Tasa de interes combinada: 10.15%
Cuota nivelada de capital e intereses : $ 444,145

Pagos sin refinanciamiento:
01/01/98 $ 660,000
01/01/04 429,000
Pagos despues del refinanciamiento $ 444,145

Nota: Como se podra ver, el primer pago por debajo de la cuota nivelada seria en Enero 1,2004

Ahorro por concepto de intereses:

Pago anual por intereses al 14% (1990 a 1997)	$ 770,000
Pago anual por intereses al 9.65%	530,750
Diferencia anual	239,250
x	7.5 años

18

=$ 1,794,375

Operacion del refinanciamiento

Monto del refinanciamiento: $ 5,500,000

Gastos de cierre:	
1% comision de compromiso	55,000(4)
1/4% comision de AID	13,750
Honorarios del Riggs	20,000
Total	88,750
Neto para efectos de calculo	5,411,250
Tasa de interes	9.65%
Tiempo	10 años(20 pagos)
Cuota nivelada al 9.65% (pago semi-anual)	434,809
Tasa efectiva sobre $ 5,411,250	10.04%

(4) Podria reducirse si se refinancia con el mismo Inversionista

Esta informacion, repito, la estoy presentando solamente con el objeto que la Oficina Regional la estudie y si lo considera conveniente, lo trate con la Oficina de Vivienda para despues ser conversada con el Prestatario.

529N(06/26/90-TUE)

79.

ahorro que el Prestatario podria tener en los proximos 20 años. No necesariamente, el Prestatario tiene que refinanciar el prestamo con otro Inversionista, ya que, Salomon Brothers Inc. podrian estar dispuestos a hacer la transaccion con lo cual podria no haber comision de compromiso o de haberla, ser insignificante comparada con la que actualmente seria (1% del prestamo).

Espero que esto te ayude en tus conversaciones con las partes interesadas y cualquier informacion adicional, favor de hacermelo saber.

528N(06/26/90)

#26

Julio 9,1990

MORANDUM

Sr. Arturo Castellon
Oficina del Controler
USAID/Honduras
: Eliecer Fernandez, PRE/H/PS
unto: Servicio de la Deuda
f: Programa de Inversiones Garantizadas
522-HG-004, 005, 005A y 008

De acuerdo con nuestra conversacion del dia 6 del corriente s, te acompano las tablas de amortizacion de los prestamos de ferencia.

Prestamo No. 522-HG-004

El pago mensual nivelado es de $ 18,456.23, el cual incluye pital, intereses y comision de AID. Como podran ver, el pago velado cambia una vez el pagare No. 1 quede totalmente pagado y i sucesivamente hasta que todos los pagares queden cancelados.

Prestamo No. 522-HG-005 $ 10,250,000

En este caso hay 4 series de pagares y la fecha de ortizacion de capital de cada uno comienza en fechas diferentes. el momento que el pagare 1 quede cancelado comienza la ortizacion del 2 y asi sucesivamente hasta que todos queden ncelados. Este prestamo es a la tasa fija del 13% mas la comision AID del 0.50%.

Prestamo No. 522-HG-005A $ 25,250,000

Este prestamo es a tasa variable, por tanto, los pagos de pital son iguales comenzando en abril 1, 1997.

Prestamo No. 522-HG-008 $ 25,000,000

Este prestamo es a tasa fija de 9.40% mas la comision de AID l 0.50%. La amortizacion de capital comienza en marzo 1, 1998.

Espero que esta informacion ayude a la Mision a preparar su formacion concerniente al servicio de la deuda de los prestamos rantizados por AID y por el Gobierno de Honduras.
6N(07/09/90-MO-4:00pm)

#27

539N(07/12/90-TH)

July 12, 1990

MEMORANDUM

TO: Mr. William Gelman, Chief, RHUDO/CAR
FROM; Eliecer Fernandez, PRE/H/PS
Subject: Reconciliation of escrow account
Re: 532-HG-012C-Jamaica
Reconciliation of disbursements and interest earnings

I have prepared a complete reconciliation of the escrow account activity. Work papers and Riggs' reports are attached. As you can see, transactions have taken place that affect the principal of the loan as well as interest earnings which are not directly related to the use of funds for project purposes.

CHFC should review the reconciliation and probably internal adjustments will have to be made between borrowers as well as transactions related to the debt service should be accounted for.

539N

Federal Express

USAID/JAMAICA

FACSIMILE COVER SHEET

DATE: July 11, 1990

NUMBER OF PAGES: (Excluding Cover Sheet) 7

TO: ELIECER FERNANDEZ/DAVID GROSSMAN
PRE/H
WASHINGTON

FAX PHONE NUMBER: 202-663-2552

FROM: WILLIAM GELMAN

STREET ADDRESS:
5B Oxford Road
Kingston 5
Jamaica, W.I. -
(809) 926-3645 thru 9

MAILING ADDRESS:
Agency for International Development
Department of State
Washington, D.C. 20523-3210

FAX PHONE NUMBERS: (809) 929-3752
(809) 929-3750

SPECIAL INSTRUCTIONS: THE LIQUIDATION OF HG-012C INDICATES THAT WE DISBURSED $12M AND RECEIVED ONLY $10M IN ELIGIBLE EXPENDITURES AND WE NEED TO FIGURE OUT HOW TO ADDRESS THIS ISSUE.

-FR)

#28

July 13, 1990

MEMORANDUM

TO: Mr. Stephen Giddings, Chief, ~~RHUDO~~/WCA
FROM: Eliecer Fernandez, PRE/H/PS
Subject: Cote d'Ivory Housing ~~Guaranty~~ Loans

Following is the information requested by your office on July 12, 1990 on the subject Housing Guaranty Portfolio.

Paris Club
Minutes: December 18, 1989
Bilateral: April 4, 1990
Signed on: Not signed yet
Consolidation Period: January 1, 1990 through April 30, 1991
Arrears as of December 31, 1989: $ 1,594.47
Cut off date: July 1, 1983
Loans included:

681-HG-001	11/30/1967	
681-HG-002	12/01/1972	
681-HG-003	03/01/1977	
681-HG-003B	11/30/1979	
681-HG-004	05/01/1983	
681-HF-001	01/29/1987	(1)
681-HF-002	07/06/1989	(1)
681-HR-004		(1)
681-HR-005		(1)
681-HR-007		(1)

Loans not included: None

(1) Previously rescheduled debt (HG001,002,003,003B,004)

Escrow account balance:	$ 2,304,159
Principal	0
Interest	$ 2,304,159

Arrears as of July 1,1990:

	Balance	620(q)	Amount
681-HG-001	$ 14,376.95	07/02/90	$ 14,376.95
681-HG-002	488,500.76	07/02/90	243,013.51
		10/02/90	245,487.25
681-HG-003	409,119.16	06/02/90	83.49
		12/02/90	409,035.67

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681-HG-003B	664,393.84	12/02/90	664,393.84
681-HG-004	1,241,394.85	11/02/90	1,241,394.85
681-HF-001	822,311.11	07/02/90	822,311.11
681-HR-004	17,487.34	07/16/90	17,487.34
681-HR-005	23,151.23	01/16/90	5,513.96
		07/16/90	17,637.27
681-HR-007	97,911.37	09/01/90	97,911.37
Total	3,778,646.61		

On March 19, 1990 was last time that interest earnings were used to cover debt service for $ 559,435.06, for loan 681-HF-002 due February 28, 1990.

The above amounts in arrears have been paid by AID. These amounts include late payment charges due AID.
539N

2/

#29

August 1, 1990

MEMORANDUM

To: Mr. Fredrik Hansen, DD/PRE/H
From: Eliecer Fernandez, PRE/H
Subject: Swap mechanism used in Chile
Re: Loan 513-HG-008- $ 5,000,000

I will try to present to you a typical example of a swap contract. In this case, it is the swap agreement in Chile dated July 8, 1988.

The loan for $ 5 million was contracted on July 6, 1988 and disbursed to Citibank-Santiago on July 8, 1988. The net proceeds of the loan was $ 4,863,000. The difference of $ 137,000 represents closing costs and commissions; however, the Local Bank made a loan to COVIP,S.A. for this amount to make up $ 5 million, amount that was needed by Citibank-Santiago for the contracting of the swap with the Central Bank of Chile.

The swap is a mechanism used in Chile which guarantees that the financial institution, Citibank-Santiago in this case, will be able to repurchase the dollars sold to the Central Bank for a value in pesos determined by the exchange rate on the date of the repurchase, after the daily adjustment of the Account Unit (UF) is accounted for. The readjusted value of the pesos may be reduced by the external inflation estimated by the Central Bank which reduces the financial cost of the projects.The value in pesos obtained by the financial institution is expressed in account units (UF). The number of account units (UF) does not vary; however, its value does. Since all transactions in this program are carried out and expressed by the Cooperatives in Account Units, whose value is adjusted by the Consumer Price Index, it guarantees that the Borrower will have enough pesos to repurchase the dollars at the swap contract expiration date, assuming that the Borrower does not suffer losses during the life of the project (Annex 1) and that all housing units have been sold and financed by the State Bank.

The swap agreement, dated July 8, 1988 and for 720 days (06/28/90) is for $ 5 million and its equivalent of account units (UF) 289,734.69.

Annex 1 shows 1) an example of what would happen on June 28, 1992 if the swap is renewed in 1990 for two more years and the loan would have to be prepaid at that time and 2) no swap agreement

ANNEX 1

EFFECT OF THE SWAP ON THE COOPERATIVE's
LIABILITY UNDER TWO SCENARIOS

1.- Swap contract with the Central Bank

2.- Without a swap with the Central Bank (Borrower carries 100% the risk of the exchange)

CENARIO 1

1.- Amount of the looan: $ 5,000,000
2.- Exchange rate to liquidate the loan on July 8, 1988 CH$ 246.61 to US$1.00
3.- Amount deposited with the local bank: CH$ 1,233,050,000 ($ 5,000,000 x CH$ 246.61)
4.- Value of an Account Unit (UF) on 07/08/88: CH$ 4,255.79
5.- Number of account units: 289,734.69 (CH$ 1,233,050,000 ./. 4,255.79)
6.- Assumption: Expiration date of loan: 07/1992 (4 years)
7.- Inflation in Chile: 40% (4 years) (1) (Estimate)
8.- Inflation in US: 18% (4 years)(Estimate)
9.- Central Bank discount per contract: 6.07% x 4 = 24.28% (2)
(Benefit obtained in hard currency)
10.- Value of an Account Unit in 07/1992: CH$4,255.79 x 1.40 CH$ 5,958.11 (1)
CH$ 5,958.11 x 289,734.69= CH$ 1,726,291,154 (A)

(1) 0.40+1=1.40
11.- Adjustment of the exchange rate:
40%-24.28%= 15.72% (Inflation rate minus discount)
CH$ 246.61 x 1.1572= CH$ 285.38

12.- $ 5,000,000 x CH$ 285.38= CH$ 1,426,885,460 (B)
13.- Variance or gain in pesos: CH$ 299,385,694 (A-B)
14.- Original value: CH$ 1,233,050,000 (C)
15.- (A-B) ./.C: 24.28% (2)

CENARIO 2

As above, except that the gain would be CH$ 221,950,154 or 8% of the original value in pesos since the Central Bank discount s not in effect. In this case, the access to dollars is not uaranteed. In the case of Scenario 1, the Central Bank might not ave dollars at the expiration date of the swap thus being the eason the Central Bank of Chile is reluctant to enter into swap ontracts longer than one or two years.

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would have entered into in July 1988.

The swap contract only covers the principal of the loan; therefore, interest to the investor and AID fees (obligations in US$) and the local bank's fees (expressed in US$) would have to be covered by a Hedge Contract (does not guarantee the availability of dollars) unless it is determined that the return on an investment of the escrowed funds in readjustable pesos is higher than the cost of the Hedge Contract.

The Hedge Contract, between a Bank and a borrower, guarantees that on the payment due date, if the Borrower has the necessary local currency, it will be able to obtain the dollars from the Bank to meet the payment. Depending upon the futures (offer and demand of dollars- exporters and importers), the Borrower may benefit in a reduction of the Bank's commission on the inter-transaction date (due date). In the case of COVIP, S.A., Citibank-Santiago offered future dollars at a cost of 2.50% to be paid in advance (date of the Hedge Contract) on September 30, 1988 for 90 days. Instead of the Hedge, for the payment due January 3, 1989, COVIP,S.A. deposited with a commercial bank the equivalent of $ 281,874 in readjustable pesos to the US$ at 6.30% annually for 90 days. For further payments, COVIP,S.A. will enter into a Hedge Contract with either Citibank-Santiago or another bank in Chile since investments in projects will limit substantially the availability of funds for short term investments.

The advantage of the swap is that it guarantees, up to some extent, the access to US$ and a financial cost reduction (Central Bank's discount). In the case of the HG loans to Chile, AID's exposure is diminished since the loans carry no host country guarantee.

41N

590N

November 8,1990

MEMORANDUM

To: Mr. David Grossman, APRE/H
From: Eliecer Fernandez, ICMA
Subject: Report on work done during the period 08/01/90 through 09/30/90

To comply with the terms of ICMA's contract with AID, following is a summary of work done during the period 08/01/90 through 09/30/90. I attach the documentation to support the work done, except in the cases of meetings, discussions regarding loan documentation, policies, etc.

ANNEX 1.- Report on trip to Jordan
ANNEX 2.- Payment Paris Club. Re: Chile
ANNEX 3.- Analysis debt service 9/30/87 to 9/30/89
ANNEX 4.- Analysis debt service 9/30/87 to 9/30/89
ANNEX 5.- Portfolio status Panama as of August 1,1990
ANNEX 6.- Report on trip to Panama-September 1990
ANNEX 7.- Brief summary for Mr. Peter Kimm-Panama trip
ANNEXES 8 & 9.- Actions taken on trip to Panama
ANNEX 10.- Portfolio status-Nicaragua 002 &003
ANNEX 11.- Payment Costa Rica 006-Mission's request
ANNEX 12.- CABEI's debt service for RHUDO/CA

Additional

1.-Preparation of Terms of Reference and Guidelines for Panama assignment
2.- Preparation of Terms of Reference for the Bolivia trip
3.- Study of swap for Mr. Fredrik Hansen
4.- Review of debt service Re: HGs and HRs
5.- Reconciliation of escrow accounts

590N

89

576N(10/01/90)

BANCO CENTROAMERICANO DE
INTEGRACION ECONOMICA
Servicio de la deuda (En miles de dolares)

Prestamo Numero 596	10/01	11/01	12/01	01/01	02/01	03/01
001	255			255		
002	255			255		
003A					680	
003B			609			
003C			992			
004			115			
004A			209			
005			575			
005B	500					
005C1					833	
005C2					160	
005C3					393	
008A			625			625
	1,010		3,125	510	2,066	625

	04/01	05/01	06/01	07/01	08/01	09/01
001	255			255		
002	255			255		
003A					680	
003B			609			
003C			992			
004			115			
004A			209			
005			575			
005B	500					
005C1					833	
005C2					160	
005C3					393	
008			625			625
	1,010		3,125	510	2,066	625

Total anual: $ 14,672

Nota: Prestamos con tasas variables: 005B,008

10/01/90

90

573N

28 de Septiembre de 1990

MEMORANDUM

A: Sra. Cecilia Cedeno
Oficina del Controler
USAID/Costa Rica
De: Eliecer Fernandez, PRE/H
Asunto: Pago vencido Agosto 1, 1990
Re: Costa Rica 515-HG-006

El pago vencido el dia 1 de Agosto de 1990 se desglosa como aparece en "Notice of Payment Due". La partida que no esta clara es la que corresponde a los Intereses Penales. La cantidad de $ 3,250.87 corresponde a intereses penales pagados al Inversionista sobre el pago anterior. El estado de cuenta enviado por el Riggs National Bank muestra intereses por mora a pagar a AID por $ 4,063.09. Se han dado instrucciones al Riggs que nunca muestre esta partida ya que AID es la que calcula estos intereses.

En el caso de Costa Rica y el prestamo 006, no hay pago que hacer por $ 4,063.09 ya que este prestamo esta reprogramado; por tanto, el pago a hacer o que sera reprogramado es por $ 628,050.87.

El estado de cuenta final que mostrara la cantidad a reprogramar les sera suministrada por la Oficina de Administracion Financiera (FM).

573N

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

NOTICE OF PAYMENT DUE

DATE: July 17, 1990

LOAN NO.: 515-HG-006

TO: The Republic of Costa Rica
Ministry of Finance
P.O. Box 10104
San Jose, Costa Rica

PRINCIPAL	INTEREST	A.I.D. FEE	LATE PAY CHARGES	TOTAL PAYABLE
$0.00	$0.00	$0.00	$0.00	$0.00
Payment due 8/1/90:				
$220,000.00	$392,150.00	$12,650.00	$3,250.87	$628,050.87

RECEIVED
07 AGO. 1990
CONTROLLED

U.S. Currency

TYPE OF CURRENCY PAYABLE

Payable to the order of: Agency for International Development

Chief, Loan Division
Office of Financial Management

A/C: 375

07/06/90

TELEX NUMBER

TELEX NUMBER: 2277 ANSWER BACK: MINHAC CT: 8

The Republic of Costa Rica
Ministry of Finance
San Jose, Costa Rica
Attn: External Financing Department Costa Rica

Re: Agency for International Development Housing Guaranty
Project #515-HG-006 Original Loan: $6,600,000.
Current Principal Balance: $5,060,000.00

On 08/01/90 a payment in the amount of $632,113.96 is due to be made to investors by this bank, for the housing project referenced above.

Details relative to the payment are listed below:

Interest	$ 392,150.00
Principal	220,000.00
Late payment due investors (12 days)	3,250.87
A.I.D. Fee	12,650.00
Late payment due AID (26 days)	4,063.09
Total:	$ 632,113.96

By the terms of the loan agreement, the payment amount, in immediately available funds, should be in our possession on 07/23/90, which is seven (7) business days prior to the payment date.

Please wire transfer the funds to this bank for credit to Corporate Trust Clearing account #01-09-590-094, attention Vince McMahan.

Sincerely,

Vince McMahan

Vince McMahan
Corporate Trust Officer

.D., Washington, D.C.
.D. Regional Housing Office, San Jose Costa Rica

AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES A. I. D. MISSION TO COSTA RICA

TELEFAX COVER SHEET

USAID/CR FAX MESSAGE NO. 002871

APO, Miami, FL 34020
Telephone: 20-45-45
Telex 3550 AIDCR KR
Fax (506) 20-34-34

Date: September 2'', 1990

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: Mr. Eliecer Fernández

OFFICE: PRE/H

LOCATION: ROOM 326-SA-2

FAX NO.: 202-663-:'552

TELEPHONE: 202-6(:3-2521

Total number of pages including this cover sheet: 2

FROM: Cecilia Cedeño, Controller's Office

PHONE:

REM RKS: Loan 515-HG-006

FAX NO.:

El Banco Central me ha solicitado un desglose de la factura adjunta que venció 08/01/90 por $628,050.87. Esta información es para efectos de registro unicamente.

Muchas gracias.

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

NOTICE OF PAYMENT DUE

DATE: July 17, 1990

LOAN NO.: 515-HG-006

TO: The Republic of Costa Rica
Ministry of Finance
P.O. Box 10104
San Jose, Costa Rica

PRINCIPAL	INTEREST	A.I.D. FEE	LATE PAY CHARGES	TOTAL PAYABLE
$0.00	.00	$0.00	$0.00	$0.00
Payment due 8/1/90:				
$220,000.00	$392,150.00	$12,650.00	$3,250.87	$628,050.87

RECEIVED
07 AGO. 1990
CONTROLLER

U.S. Currency

TYPE OF CURRENCY PAYABLE

Payable to the order of: Agency for International Development

Chief, Loan Division
Office of Financial Management

95

Septiembre 27, 1990

MEMORANDUM

A: Sr. Arturo Castellon
Oficina del Controler
USAID/Honduras
De: Eliecer Fernandez, PRE/H
Asunto: Servicio de la deuda en mora
Re: Nicaragua
524-HG-002, 003

De acuerdo con nuestra conversacion, seguidamente tienes la informacion concerniente a los prestamos de referencia:

524-HG-002
Monto original del prestamo: $ 4,000,000
Tasa de interes: 8.50%
Comision de AID: 0.50%
Morosidad:

	Pre 620(q)	620(q)
Principal mas Intereses	$ 3,722,370.16	$ 934,344.47
Comision de AID	96,923.84	20,479.03
Intereses por mora	1,831,461.26	1,429,783.78
Total	5,650,755.26	2,384,607.28

524-HG-003
Monto original del prestamo: $ 5,000,000
Tasa de interes: 8.25%
Comision de AID: 0.50%
Morosidad:

Principal mas Intereses	4,327,676.65	820,793.32
Comision de AID	153,054.51	27,483.71
Intereses por mora	1,980,516.90	1,604,464.69
Total	6,461,248.06	2,452,741.72

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Saldos de los prestamos:

524-HG-002	1,412,356.76
524-HG-003	3,488,972.06

Si ustedes necesitan un estado de cuenta comenzando desde el primer pago hecho por AID a la fecha, me lo haces saber para que lo produzcan y con mucho gusto te los hago llegar.

571N

9

Septiembre 26, 1990

Lic. Jose Cardona,Presidente
Asociacion Nacional Ahorro y Prestamo(ANAP)
Apartado 8746
Panama 5, Republica de Panama

Estimado Lic. Cardona:

Re: 525-HG-004
Proyecto Villa Catalina

Durante mi visita a su Institucion el dia 6 de Septiembre pudimos determinar que ciertas remesas hechas por ustedes al Riggs National Bank no aparecian como recibidas por el Banco en Washington.

Despues de hecha una revision de las partidas recibidas por el Banco, las siguientes partidas no aparecen como recibidas y que fueron detectadas en mi visita:

Fecha	Cantidad	Cheque No.
07/23/87	$ 8,753.72	21616-Banco General
03/02/89	5,660.40	3551

Le agradeceremos que hagan una revision de los mencionados cheques y nos informen si han sido cobrados y de ser asi, como fueron cobrados. De no haber sido cobrados, entonces tendrian que ordenar su cancelacion y emision de nuevos cheques.

Su correspondencia la pueden dirigir a la siguiente direccion:

Agency for International Development
SA 2, Room 401
Washington, D.C. 20523

Con mi mayor consideracion, quedo atentamente,

Eliecer Fernandez
Analista Financiero

572N

Septiembre 26, 1990

Sra. Gisela de Sucre
Primer Banco de Ahorros
Apartado 7322
Panama 5, Republica de Panama

Estimada senora de Sucre:

Re: 525-HG-003A
Ciudad Jardin San Antonio

Durante mi visita a su Institucion el dia 12 de Septiembre pudimos determinar que ciertas remesas hechas por ustedes al Riggs National Bank no aparecian como recibidas por el Banco en Washington.

Despues de hecha una revision de las partidas recibidas por el Banco, las siguientes partidas no aparecen como recibidas y que fueron detectadas en mi visita:

Fecha	Cantidad	Giro No.
11/21/88	$ 6,091.49	5005
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05/08/90	7,348.79	10336
05/02/90	6,698.07	10313
05/02/90	1,864.48	10314

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SA 2, Room 401
Washington, D.C. 20523

Con mi mayor consideracion, quedo atentamente,

Eliecer Fernandez
Analista Financiero

571N

99

566N(09/24/90)

September 24,1990

MEMORANDUM

To: Jeremy Hagger
From: Eliecer Fernandez
Subject: Brief summary of my trip to Panama
Re: Loans 525-HG-012 and 013
Loans 525-HG-003B and 005
Loan 525-HG-011B

The main purpose of my visit to Panama was to review the status of the host and non-host country guarantee loans. However, I participated up to some extent in the implementation of 012 and the review of the feasibility of 013.

525-HG-012

Mrs. Benigna Magallon prepares weekly reports on the status of the families still living in Albrook. It also includes the use of the grant funds ($ 6,500 per family qualified as Chorrillo owners or renters). Next week, the Office of Housing will receive a comprehensive report on the situation in December 1989, the first two weeks of September 1990 and the third week of September 1990.

I visited Vista Alegre Phase II in which the $ 6,500 units are being built. Some of the beneficiaries are adding facilities to the houses which are being financed by Caja de Ahorros. The total amount financed as of September 20 was $ 70,000. The use of these funds (012) is moving too slow due to the procedures implemented by Caja de Ahorros and MIVI. It seems that Caja de Ahorros can not "communicate"well with Charles Dean. This reflects on the implementation of the program. The Mission's priority is to move all the families from Albrook to the respective housing units by the end of the year.

The third amendment (012) will be ready to be reviewed by the Office of Housing by the end of next week.

My conclusion is that if Caja de Ahorros and Charles Dean do not find a better way to communicate themselves, we may have some difficulties to start the program under the terms of the third amendment of 012. We also have to keep in mind that Caja de Ahorros, as sub-borrower of 012, is not going to approve quickly applications for financing; therefore, we should expect some delay regarding the use of these funds.

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525-HG-013

The consultants that review the feasibility of 013 reached the conclusion that the Mortgage Banks and the private sector in general, including builders were not interested in participating in this program due to 1) limitation on the sales price and 2) high liquidity in the hands of the banks. I did not agree and the Chief of the Private Sector of de Mission decided to visit the Banks and builders to have some ideas of how they feel regarding this program.

Mr. Kermit Moh, Chief of Privater Sector Office and I visited Banco General, Primer Banco de Ahorros, the Hosing Bank, Chase Manhattan Bank, Citibank and First National Bank of Boston. The response was positive in all cases. The three mortgage banks indicated that if builders are interested to build units at a top sale price of $ 13,000 and below, they would participate in the program. We visited the Vista Alegre Project where units between $9,000 and $ 13,000 are being built. Mr. Federico Humbert, President of Banco General, accompanied us. Mr. Humbert decided to finance units at this level and the Board of Directors approved the financing up to $ 5 million. Primer Banco de Ahorros will discuss the possibility to participate with builders. The Housing Bank has not decided yet; however, the experience has indicated that the Housing Bank follows the other two large mortgage banks.

The Vice-President and General Manager of Chase Manhattan Bank in Panama expressed his interest to act as Administrator of the portfolio and also to act as Paying and Transfer Agent. The Vice-President and General Manager of Citibank is also interested to act as Administrator and also to finance units at the levels indicated, using one of the bank's subsidiaries in Panama. The First National Bank of Boston is interested to act as Administrator of the portfolio. Banco Fiduciario and Banco Continental expressed their interest to participate in the program.All these banks have the basic terms to implement this program and the financing terms of same. Mr. William Gelman, Chief, RHUDO/CAR was informed accordingly.

Based on our conversations with the banks in Panama, I conclude that 013 is feasible and therefore the banks will finance units at the prices given to them; however, the management of the loan and portfolio has to be well structured to make the financing profitable to the banks.

525-HG-003B

The appointed General Manager of Caja de Ahorros is aware of the fact that Caja de Ahorros has not serviced the loan for 2 and a half years ($ 503,000). He indicated to me that the Caja's funds are frozen in US and therefore, our money is frozen. I indicated to him that this is not acceptable to AID. During my stay in Panama we found out that the funds are still frozen because the GOP has not requested that the funds be unfrozen. Caja is reconciling the loan

and the unpaid debt and will make possible that the GOP pay the arrears in a short period of time. This is not a loan that can be included in the Paris Club Arrangements.

525-HG-005

I informed the appointed General Manager of the National Mortgage Bank that Central de Ahorros (S and L),administrator of this project is holding approximately $ 900,000. He informed me that he was not aware of this since liquidity has been provided to S and Ls and the Bank's management was not informed regarding this issue. The Board of Directors of the Mortgage Bank was informed of this situation and a decision will be taken shortly to provide liquidity to the administrator to transfer these funds to AID.

525-HG-011B

I informed the Manager of Finance of the Ministry of Planning and Economic Policy regarding the use of escrowed funds by AID to cover arrears for $ 2.0 million in May 1988. The Ministry of Housing has submitted requests for disbursement for approximately $ 2.0 million; however, these disbursements can not take place. The National Mortgage Bank has advanced these funds and expects that will be reimbursed shortly. Instead, I believe that interest earnings on 012 could be used to comply with the contractual obligations if AID decides to disburse to Panama,regardless of the country's arrears. The principal of the escrow account in excess of $ 3.25 million could be used for projects on MIVI's books. However, the Mission will refuse the use of 012 funds for MIVI.

566N

UNITED STATES GOVERNMENT

memorandum

ATE: September 18, 1990

TO
N OF: Eliécer Fernández, PRE/H

ECT: Review of Host and Non-host Country Guarantee Loans
Panama 525-HG-002, 003A, 003B, 004, 005, 007, 008, 009, 010, 011, 011B and 012

TO: Kermit C. Moh, Chief, PSD

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The purpose of my trip to Panama was to review the status of the debt service on subject loans.

525-HG-002 La Gloria
The Administrator of this loan is Banco Fiduciario, S.A. The loan is fully repaid and no claims from AID exist. Under the terms of the Administration Agreement, Section 3, homeowners deposited into an special account in US$, an amount identified as Reserve Fund to be used to complete shortfalls on the debt service. The balance of the fund is approximately $400,000 to be distributed among the borrowers. Banco Fiduciario is working in determining each borrower's share. Once the reconciliation is terminated, the Administrator will request the Fiscal Agent to release the fund for its distribution. The Mission will be maintained informed periodically regarding the fund distribution.

525-HG-003A Jardín San Antonio
The Administrator of this loan is Primer Banco de Ahorros (PRIBANCO). The balance of the loan is $155,343 as of 01AUG90. The Administrator is current in its remittances to Riggs National Bank under the terms of the Administration Agreement.

526-HG-003B Corindag
The project was financed by the US Lender (75%) and Caja de Ahorros (25%). Under the terms of the Administration Agreement, Caja de Ahorros (CA) guaranteed the repayments of the 75% participation. CA serviced the loan until February 1988. At that time, the borrower discontinued the repayment of the loan and AID has serviced the loan under the terms of the Contract of Guaranty.

The amount unpaid by CA is $503,000 as of 01AUG90. This amount does not include $53,000 for penalty interest due AID. I met with the General Manager of the CA, Licdo. Carlos García de Paredes, who informed me regarding the difficulties CA has had to service this loan. As Mr. Garcia de Paredes informed me, CA's bank accounts in

OPTIONAL FORM NO. 10
(REV. 1-80)
GSA FPMR (41 CFR) 101-11.6
5010-114

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the US are frozen; however, the Mission has been informed that the funds are unfrozen. I indicated to Licdo. Garcia de Paredes that the unpaid balance must be paid as soon as possible under the terms of the Administration Agreement. I provided CA a statement of account, including penalty interest, to be reviewed by them. The monthly debt service is $17,400 and the loan balance as of 01AUG90 is $536,452.

525-HG-004 Villa Catalina

The Administrator of this project is Asociación Nacional de Ahorro y Préstamo (ANAP), a savings and loan association. This association has had difficulties to remit to the AID Fiscal Agent monthly collections. ANAP is remitting to the AID Fiscal Agent the regular monthly collections plus one month in arrears. As of 31AUG90, ANAP has not remitted collections for the months of April through December 1989, and April through August 1990, for a total of $86,685. As long as ANAP keeps this schedule, I do not foresee difficulties in the recuperation of arrears.

The monthly debt service is $2,625 and the loan balance is $21,289; therefore, this loan should be paid off by June 1991, and if no claim from AID exists, the Reserve Fund balance would be distributed at that time.

525-HG-005 Jardín Olímpico

The Administrator of this project is Central de Ahorros, a savings and loan association.

Central de Ahorros was intervened by the National Mortgage Bank (BHN) in 1986/1987 due to financial difficulties and under the terms of the by-laws of the Savings and Loan System in Panama.

The last remittance sent by Central de Ahorros corresponds to collections April 21 through May 20, 1987 for $43,178.50. BHN has not authorized Central de Ahorros to remit collections to the AID Fiscal Agent since May 1987. The total amount not remitted is $885,078.33 as of 20AUG90. This amount includes $87,713.60 as prepayments.

The Manager of Central de Ahorros, appointed by BHN in 1990, Ms. Elsa Sotillo informed me that the institution's plan starting in January 1991 is to remit the regular monthly collections plus a percentage of the arrears. Since this is not a reasonable plan for AID, I discussed the matter with Licdo. Arcelio Ducreux, General Manager of BHN. Mr. Ducreux's payment of arrears plan is under study by BHN. Since the Mortgage Bank intervened the S&L, BHN is liable; therefore, BHN should fund the S&L to satisfy this payment.

The BHN's Board of Directors will meet on September 17, 1990 and the repayment to AID of the retained funds will be included with the agenda.

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525-HG-007, 008 **The National Mortgage Bank**
525-HG-009 **The National Bank of Panama**
525-HG-010, 011, 011B, 012 **The Government of Panama (MIPPE)**

The total amount due AID by the GOP including penalty interest is $19,390,141 as of 30JUN90. This amount will be included in the forthcoming Paris Club arrangements. Financial information regarding the above mentioned loans is in Annex 1 to this report.

Regarding loan 525-HG-011B, the GOP submitted requests for disbursements from escrow Nos. 24 and 25 in January 1987 for a total of $1,175,715.62 as follows:

Request No.24	
80% of loan portfolio generated	$ 410,977.65
50% to be applied to reduce advance	205,488.83
Net amount to be disbursed from escrow	$ 205,488.82
Request No.25	
80% of loan portfolio generated	$1,940,453.60
50% to be applied to reduce advance	970,226.80
Net amount to be disbursed from escrow	$ 970,226.80
TOTAL Amount to be disbursed	**$1,175,715.62**

The balance of unliquidated advance is $1,438,073.53 as of 07NOV86, disbursement No.23. Liquidation of advances Nos. 24 and 25 reduce the unliquidated advance to $262,357.90. The Ministry of Housing will submit to AID request No.26, by the end of October 1990, to liquidate this advance.

AID has not approved disbursements Nos. 24 and 25; however, on May 31, 1988 AID under the terms of the Escrow Agreement, Account No.12954-83 requested Riggs National Bank to disburse to AID $2,096,107.63 to be applied to pay AID claims on all host-country guarantee loans. This amount included $660,137 for interest earnings. The account was closed.

The Ministry of Planning and Economic Policy (MIPPE) will contact the Lender to make the necessary arrangements to amend the Loan Agreement by adding the capitalization of interest through May 1988. This will include the issuance of a new note for $10.5 million and the cancellation of the old note for $8.4 million.

Loan 525-HG-012 for $7,790,000 was contracted on 15AUG86 at 8.57%. This Loan Agreement provides for a 3-year capitalization of interest. The balance of the loan is $9,992,571 as of 01AUG90.

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The loan amortization will start on February 15, 1997. The balance in the escrow account with Riggs National Bank is $9,813,184 as of 31JUL90. This balance includes $2,236,084 for interest earnings. Interest earnings may have to be used to reimburse MIVI for eligible costs on HG-011B and HG-012. The principal of the escrow is $7,577,100. The difference between the loan amount and the principal of the escrow is closing costs.

Copies of the claim ledgers as of 01AUG90 have been provided to borrowers for their information and review (22 copies attached-Annex 2).

c:\wp51\Document\Fernande

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566N(09/24/90)

September 24,1990

MEMORANDUM

To: Jeremy Hagger
From: Eliecer Fernandez
Subject: Brief summary of my trip to Panama
Re: Loans 525-HG-012 and 013
Loans 525-HG-003B and 005
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My conclusion is that if Caja de Ahorros and Charles Dean do not find a better way to communicate themselves, we may have some difficulties to start the program under the terms of the third amendment of 012. We also have to keep in mind that Caja de Ahorros, as sub-borrower of 012, is not going to approve quickly applications for financing; therefore, we should expect some delay regarding the use of these funds.

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525-HG-003B

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566N

Septiembre 26, 1990

Lic. Jose Cardona,Presidente
Asociacion Nacional Ahorro y Prestamo(ANAP)
Apartado 8746
Panama 5, Republica de Panama

Estimado Lic. Cardona:

Re: 525-HG-004
Proyecto Villa Catalina

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Su correspondencia la pueden dirigir a la siguiente direccion:

Agency for International Development
SA 2, Room 401
Washington, D.C. 20523

Con mi mayor consideracion, quedo atentamente,

Eliecer Fernandez
Analista Financiero

572N

Septiembre 26, 1990

Sra. Gisela de Sucre
Primer Banco de Ahorros
Apartado 7322
Panama 5, Republica de Panama

Estimada senora de Sucre:

Re: 525-HG-003A
Ciudad Jardin San Antonio

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Agency for International Development
SA 2, Room 401
Washington, D.C. 20523

Con mi mayor consideracion, quedo atentamente,

Eliecer Fernández
Analista Financiero

571N

563N(08/23/90)

2

Agosto 23, 1990

Sr. Renato Hidalgo
USAID/Chile
Santiago, Chile

Estimado Renato:

De acuerdo con informacion de la Oficina de Administracion Financiera de AID, AID recibio la suma de $ 72,932.67 que se encontraba pendiente de pago.

Te acompano las tasas de interes utilizadas por AID a diferentes fechas y que el Banco Central requiere.

Saludos para Paul y te saluda atentamente,

Eliecer Fernandez

563N

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565N(08/28/90)

HOUSING INVESTMENT GUARANTY PROGRAM
DEBT SERVICE/UNPAID DEBT SERVICE
September 30, 1986, 1985, 1984

	9/30/86 '000	9/30/85 '000	9/30/84 '000
Total regular debt service (1) (A)	$ 147,014	$ 143,706	$ 133,419
Less: Unpaid debt service (2) (B)	25,135	19,758	11,768
=Debt service paid by borrowers (C)	121,879	123,948	121,651
C ./. A	83%	86%	91%
Variance	- 3%	- 5%	-
Should have been collected to maintain the same rate as in 1984	134,046 - 9%	131,030 - 5%	-

(1) Does not include rescheduled debt service

(2) Includes non-host country guarantee loans and does not include debt service on rescheduled loans owed to AID under Paris Club Bilateral Agreements.

565N(08/28/90)

564N108/28/90)

4

HOUSING INVESTMENT GUARANTY PROGRAM
DEBT SERVICE/UNPAID DEBT SERVICE
September 30, 1989, 1988, 1987

	9/30/89 '000	9/30/88 '000	9/30/87 '000
Total regular debt service (1) (A)	$ 170,461	$ 162,854	$ 157,724
Less: Unpaid debt service (2) (B)	34,041	38,480	31,030
=Debt service paid by Borrowers (C)	136,420	124,374	126,694
C ./.A	80%	76%	80%
Variance	+ 5%	- 5%	-
Should have been collected to maintain the same rate as in 1987	136,925	130,814	-
	- .37%	- 5%	
Should have been collected to maintain the same rate as in 1984	155,425	148,489	143,812
	- 12%	- 16%	-

Note: SEE 1986, 1985, 1984

(1) Does not include rescheduled debt service

(2) Includes non-host country guarantee loans and does not include debt service on rescheduled loans owed to AID under Paris Club Bilateral Agreements.

564N

564N

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BEST AVAILABLE COPY

- 2,224,681

554N(08/14/90)

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HOUSING INVESTMENT GUARANTY PROGRAM
SCHEDULE OF NON-HOST COUNTRY GUARANTEE LOANS (PANAMA)
As of August 1, 1990

	Loan Balance	Debt Service	Last payment received by Fiscal Agents Date	Amount	Collections
25-HG-003A (1)	$ 155,343	$ 7,557	6/25/90	$ 8,658.59	5/90
5 5-HG-003B (2)	536,452	17,640	2/3/88	17,390.28	1/88
52 -HG-004 (3)	21,289	2,625	4/18/90	9,856.60	
5· IG-005 (4)	310,016	21,047	8/25/87	5,261.53 4,595.07 27,667.63	3/89 3/90 ?

IIl 'STRATORS

Primer Banco de Ahorros
C ja de Ahorros
A_AP
Central de Ahorros

SCHEDULE OF HOST COUNTRY GUARANTEE LOANS

)0' · $ 9,000,000- 8.375%
Balance as of 08/01/90
service-Semi annually
ɜtc 's' name
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540N(07/31/90-TUE)

July 31, 1990

MEMORANDUM

To: Mr. Fredrik Hansen, DD/PRE/H
Trough: Mr. David Grossman, PRE/H
From: Eliecer Fernandez, PRE/H
Subject: Management Assessment Working Document
Amman, Jordan

Purpose of trip to Amman, Jordan

The purpose of my trip was to participate with Messrs. Nicholas You, UNCHS(Habitat), Fred Fisher and David Tees in the development of a methodology to conduct an in-house management assessment of the Municipality of Greater Amman. The visit also included interviews with some officials of the Urban Development Department (UDD) under the Ministry of Public Works. In this primary stage, an in-depth survey of UDD's management policies and procedures was not conducted since it is expected UDD and the Housing Corporation will soon merge.

Our team started the assignment on July 17, 1990 with a visit to UDD to familiarize ourselves with the Organization. I interviewed the Acting Manager of Finance, Mrs. Zeinab Shehadeh,which allowed the opportunity to explore UDD's internal controls and inter-departmental communication procedures. This would be valuable if UDD and the Housing Corporation merge.

The UN Team interviewed the Department of Planning and Design Chief only and decided not to do it with the rest of the Departments due to the potential merger of the two institutions.

Visit to the Municipality of Greater Amman

On Sunday, July 22, we visited the Municipality of Greater Amman to maintain conversations with officials of the Municipality to learn regarding their position with respect to the plans to work on an in-house management assessment working document. At the end

of our meetings we briefed Mr.Sultan Khali Fat,City Manager, regarding our observations.

During this exercise, Mr. Nicholas You and I interviewed the Directors of Town Planning and Execution Departments of the Municipality to understand their opinions about issues they believed should be covered in this management assessment.

As a result of these interviews, I believe management is politically affected (as is typical at local-institutions) and lack of internal control and communication gaps exist. An in-depth management assessment would prove this an accurate assessment.

Should the Municipality participate, directly or indirectly, in the new HG program which addresses changes in financial and management policies related to housing, an in-depth management assessment will benefit the restructuring of housing finance policies.

In our meeting with the City Manager, he indicated his desire to see the in-house management assessment implemented. His abbreviated approach would consist of having a consultant working in each department with the staff, for one or two days depending upon scope of responsibilities to become acquainted with operation and procedures . During this process , a task force perhaps, including department heads, would be assembled, to assign sub-department heads responsibility to produce analysis of management and financial procedures and identify linkages among departments. At completion of each working session, the task force would meet to discuss findings. Areas covered by sub-department heads would be structured so information could be reconciled among department heads.

A weekly progress report would be presented to the City Manager for comments. As a result of this brief assessment, consultant and task force would draft a management assessment procedures manual to be internally tested by assigned staf to evaluate, initially, the Municipality's management procedures. This Manual would be tested with the consultant before being finalized.

This procedure was used with good results in Honduras (INVA) and was adopted for the Management Audit of National Mortgage Bank and Ministry of Housing in Panama. However, due to circumstances known to all we have not evaluated the results.

The UN Team did not desire this approach. It began developing a working document to be used by consultant and staff to conduct periodic assessments. This approach may result in short term financial and time savings and a reduced dependency on consultants. Over the long term, however, it may require additional consultant and department head effort. Also, in my opinion, it might be appropriate for Training Needs Assessment, but not for Management Evaluations.

Regarding the Municipality of Greater Amman, a Management Assessment has not been conducted; therefore, chiefs and deputy chiefs of departments may not be familiar with this type of evaluation. This presents a challenge to conduct the assessment in an understandable, manageable fashion.

The difference between the UN Team's approach and mine is that I consider it important for a consultant to familiarize himself/herself with the internal management structure of the Municipality by complementing organizational charts and managers' responsibilities with a series of short brief well-structured meetings to compile critical information. The consultant should anlyze the organizational chart of each department and familiarize himself/herself with the department staff's responsibilities and direct relationship with other Institutions at a national level, e.g. Ministries of Interior and Finance, Central Bank, Urban Development Department or the new institution created as a result of the merger.

This exercise would include participation of Department Heads, Deputies and perhaps candidates for the Internal-Self-Management-Assessment Unit. This exercise would require an organized, responsive, step-by-step evaluation guideline. Notwithstanding , the first draft of the Working Document will be completed by September of this year; therefore, it will have to be tested differently than I would have preferred.

If USAID plans to fund and field test consultancy or considers its results necessary to satisfy a component of the policy-changes plan, I suggest the UN Team Leader submit to USAID the basic work plan, implementation scope and expected results before the working document is field-tested.

This would minimize discrepancy between results and expectations. Generally, following is a limited list of material to be requested.

- Detailed work plan and professional team composition.
- Confirmation of participation of Department Heads and Deputies of the Municipality of Amman and new entity.
- Explanation of how information will be gathered to field test the working documenmt.
- Projected contents of the manuals to meet the needs for the Municipality of Amman and the new entity.
- Explanation of how and when a management procedures-analysis-unit (Critical Components) will be organized.
- Guidelines to the Unit for periodic revision of the Internal-Use Manual.

- Measurement technique of outputs/accomplishments of the Municipality related to the Housing Finance Strategy.

A self-management assessment manual for UDD and Housing Corporation may require a different approach depending upon the final organizational structure resulting from merger. The working document or the Manual cannot be used indistinctly to evaluate each institution since structures are significantly different.

I have no doubt about the UN Team's ability to develop a self-management assessment methodology; however, I believe their approach should be customized to accomodate our needs.

540N(07/31/90)