

Linda
PDKAP-679

CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

DATE: March 29, 1989

We wish to inform you of proposed actions in the Agency's programs during Fiscal Year 1989:

West Bank and Gaza - Revolving Loan Fund
West Bank and Gaza - ANERA Development Assistance III
West Bank and Gaza - CRS Rural Development
West Bank and Gaza - ACDI Cooperative Development
West Bank and Gaza - CRS Life Cycle Health Education
West Bank and Gaza - ANERA Development Assistance IV
West Bank and Gaza - SCHC Mothers Home Care/Early Intervention
Outreach Program
West Bank and Gaza - AMIDEAST Human Resources Development III
Asia and Near East Regional TN - Technical Collaboration -
Indonesia
Costa Rica, El Salvador, Guatemala, Honduras - Central American
Energy Self Sufficiency

The attached notification was sent to the Hill on March 29, 1989. Obligation may be incurred on April 13, 1989.

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Office of Legislative Affairs

31 MAR 1989

MAR 29 1989

AGENCY FOR INTERNATIONAL DEVELOPMENT
ADVICE OF PROGRAM CHANGE

Date:

Countries : Costa Rica, El Salvador,
Guatemala, and Honduras

Project Title : Central American Energy Self
Sufficiency

Project Numbers : 515-0998, 519-0998, 520-0998
and 522-0998

FY 1989 CP Reference : Annex III, p. 173, Project No.
596-0134

Appropriation Category : Economic Support Fund (ESF)

Life-of-Project Funding : \$24,200,000 (Private Sector
Energy and Environment (PSE
and ESF Grant)

Intended FY 1989 Obligation : 1,250,000 Costa Rica
1,750,000 El Salvador
1,000,000 Guatemala
1,000,000 Honduras
\$5,000,000 Total ESF Grant

This is to advise that A.I.D. intends to obligate \$5,000,000
FY 1989 funds for Central American Energy Self Sufficiency
projects in Costa Rica, El Salvador, Guatemala and Honduras.

The FY 1989 Congressional Presentation (CP) included a proposed
\$2,000,000 obligation in FY 1989 under the Regional Office for
Central American Programs (ROCAP) Central American Energy
Resources Project No. 596-0134. The purpose of this
notification is to advise that instead of an additional
\$2,000,000 obligation under the ROCAP project as shown in the FY
1989 CP, \$5,000,000 will be obligated and allotted for specific
country project activities in Costa Rica, El Salvador, Guatemala
and Honduras. This amount was earmarked for such activities by
Congress in the FY 1989 Foreign Assistance Appropriations Act.
The proposed country project activities are a continuation and
expansion of on-going work by the Los Alamos National Laboratory
under the ROCAP project for a total program cost of \$24,200,000.

The purpose of the Los Alamos National Laboratory program is to
introduce new technology and assessment methodologies in the
region, to improve planning and analysis of current and future
energy needs, and to develop geothermal energy resources.

Annex: Activity Data Sheet

Costa Rica, El Salvador,
PROGRAM: Guatemala and Honduras

AGENCY FOR INTERNATIONAL DEVELOPMENT
ACTIVITY DATA SHEET

CP 81-06 (4-86)

TITLE Central American Energy Self Sufficiency		FUNDING SOURCE Economic Support Fund (ESF)	PROPOSED OBLIGATION (in thousands of dollars)	
NUMBER (See Below)	NEW <input type="checkbox"/>	PRIOR REFERENCE CN #217 dated 4/20/87	FY 89 See Below	LIFE OF PROJECT (AUM) 24,200
GRANT <input checked="" type="checkbox"/>	LOAN <input type="checkbox"/>		INITIAL OBLIGATION FY 85	ESTIMATED FINAL OBLIGATION FY 89
	CONTINUING <input checked="" type="checkbox"/>			ESTIMATED COMPLETION DATE OF PROJECT FY 91

Purpose: To introduce new technology and assessment methodologies into the region that will permit Costa Rica, El Salvador, Guatemala, and Honduras to better analyze their current and future energy needs, and develop geothermal energy resources.

Background: The National Bipartisan Commission on Central America identified high oil prices as among the most important causes of the region's economic deterioration. Although petroleum prices have since declined, development of indigenous energy resources and continuing improvement in the efficiency of energy use remains of great importance to the region's development. The cost of energy has a major impact on the region's economies.

Project Description: The project addresses the region's energy sector needs by: a) identifying and assessing the development potential of indigenous energy resources; b) providing the necessary data base, computational hardware and software, and analytical techniques to analyze energy alternatives; c) providing training to increase the capability of local experts; and d) providing access to U.S. energy technology and expertise. The proposed amendment will provide additional funding and expand activities within the original project concept. The principle additional activities will be reservoir engineering and delineation work in various geothermal fields in Costa Rica, El Salvador, Guatemala and Honduras. Funding for the amendment will come from USAID bilateral country programs which benefit from the activities.

Beneficiaries: The development of reliable, cost-effective long-term energy resources should directly benefit all sectors of the economy. Public institutions charged with the development of their countries' respective mineral energy resources will benefit from training, hardware, and an improved data base. The private sector will benefit from its involvement in resource assessments and from policies and activities that are consistent with and supportive of its needs.

Relationship to A.I.D. Strategy: A.I.D.'s strategy for Central America, based on the the Kissinger Commission report, includes the goal of self-sustaining growth. This project provides assistance to develop national energy sources and policies supportive of this goal.

Host Country and Other Donors: The governments of the region are providing important contributions (e.g. personnel, equipment and other resources) to this project. At the same time, the Central American countries are receiving assistance from several multilateral and bilateral donors. The majority of recent assistance has been in the form of loans to national utilities with the IDB and World Bank as principal lenders. The governments of Italy, Japan and West Germany are also financing different energy projects in the region.

Major Outputs:

	<u>All Years</u>
Identification, quantification and assessment of national energy resources	X
Methodologies for comparison of energy development options	X
Training of technicians and scientists to build technical and managerial capacity	X
Energy policy, planning and pricing analyses	X
Country mineral reconnaissance	X
Geothermal energy reconnaissance, feasibility studies, test wells, and reservoir engineering and development of geothermal field delineation data bases	X
Geothermal process heat demonstrations	X
Investment analyses and promotion of results of feasibility studies for commercial and industrial private sector investment	X

A.I.D. Financed Inputs: The principal inputs are technical assistance, computer hardware and software, administrative costs, audit, evaluation, and contingencies.

<u>Country</u>	<u>Project Number</u>	(\$000)	
		<u>Life-of-Project</u>	<u>Prior Year Obligations</u>
Regional Office for Central American Programs (ROCAP)	596-0134	19,200	
		<u>FY 1989 Obligations (ESF)</u>	
Costa Rica	515-0998	1,250	
El Salvador	519-0998	1,750	
Guatemala	520-0998	1,000	
Honduras	522-0998	1,000	
		Sub-total	5,000
		Total	24,200

U.S. FINANCING (in thousands of dollars)				PRINCIPAL CONTRACTORS OR AGENCIES	
	Obligations	Expenditures	Unobligated		
Through September 30, 1987	16,200	11,000	5,120	Los Alamos National Laboratory	
Estimated Fiscal Year 1988	3,000	1,765			
Estimated Through September 30, 1988	19,200	14,865	4,355		
Proposed Fiscal Year 1989		Future Year Obligations	Estimated Total Cost		
		0	24,200		