Early Warning System

# IADB-ES-L1142

## Emergency Program for Macroeconomic and Fiscal Sustainability

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### Quick Facts

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| **Countries** | El Salvador |
| **Financial Institutions** | Inter-American Development Bank (IADB) |
| **Status** | Active |
| **Bank Risk Rating** | U |
| **Voting Date** | 2020-05-27 |
| **Borrower** | Government of El Salvador |
| **Sectors** | Law and Government |
| **Investment Type(s)** | Loan |
| **Investment Amount (USD)** | $ 250.00 million |
| **Project Cost (USD)** | $ 250.00 million |

## Project Description

"The general objective of the program is to support the government's efforts and actions to contain the health crisis derived from COVID-19. The specific objectives are: (i) to reduce the fiscal deficit to achieve the sustainability of the public debt; and (ii) maintain a competitive and transparent economy".

## Investment Description

- Inter-American Development Bank (IADB)

"This Sustainable Development Lending (SDL) loan will be financed with the Bank's Ordinary Capital resources. However, it is not part of the Bank's regular lending program approved in the Long-term Financial Plan, so use of the Bank's enhanced lending capacity is proposed for financing this SDL. The operation has been prepared in coordination with the Rapid Financing Instrument (RFI) approved by the International Monetary Fund (IMF). The single-tranche structure and complementary financing arrangements with the IMF provide a flexible and effective mechanism for supporting the government's emergency measures to mitigate the health and economic impacts of the pandemic. The SDL resources will be disbursed to the government in a single tranche into the bank account designated for such purpose by the Ministry of Finance.
3.2 The amount of this program is US$250 million, in addition to the US$389 million from the RFI to be disbursed in 2020, which brings the total amount to US$639 million. The following were taken into account to determine the loan amount: (i) the size of the package of  acroeconomic adjustment measures required to address the macroeconomic crisis; (ii) the US$389 million available from the IMF; and (iii) the fiscal and balance of payment shortfalls, the country's debt sustainability, and risk factors (see paragraph 3.3 of the SDL guidelines (document GN-2031-17). The program will help cover the additional financing needed by the country as a result of the pandemic, estimated at US$2 billion for the remainder of 2020, US$250 million of which will be provided by the Bank with the SDL loan".

## Contact Information

Executing entity: Ministry of Finance of El Salvador

ACCOUNTABILITY MECHANISM OF IADB

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IIC)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IIC is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).

**Bank Documents**

- El Salvador. Loan proposal for the Emergency Program for Macroeconomic and [Original Source]
- El Salvador. Propuesta de prestamo para el Programa de Emergencia para la S [Original Source]
- Emergency Program for Macroeconomic and Fiscal Sustainability - ORC [Original Source]
- ES-L1142 - POD - EER 1 - Carta de Politica [Original Source]
- Programa de Emergencia para la Sostenibilidad Macroeconomica y Fiscal - CO. [Original Source]