

**OUTGOING TELEGRAM Department of State**

INDICATE:  COLLECT  
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AmEmbassy BONN  
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Origin

ACTION: STATE

Info:

Re: TAVERA DAM

*F.S.E 12 DOM REP*

Dominican Government has \$23 million loan application under review by IDB for first stage financing of Tavera Dam hydroelectric complex. Project (with long history Dominican efforts complete engineering studies and secure financing) has acquired special mystique for Dominican populace and has become politically most important to Balaguer Administration. U.S. has benevolent interest in possible IDB financing (from Fund for Special Operations), and now considering additional support from AID resources. Target for approval IDB loan authorization April, in order provide maximum impact for Balaguer Administration prior country wide municipal elections in May. Preliminary analysis indicates project economically feasible with good benefit cost ratio.

Engineering and feasibility work on Tavera Dam being done under contract between GODR and German firm, Lahmeyer International of Frankfort. GODR payment German firm presents special difficulties IDB and U.S. financing, due U.S. balance of payments problems and related US policy statements. In addition, AID currently providing substantial B/P support GODR. However, both IDB and AID consider desirable Lahmeyer contract be continued in order avoid delay in execution project.

We have suggested GODR seek loan or grant aid from FRG cover cost Lahmeyer

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*Jan*  
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