

SUPPORT FOR PRIVATIZATION OF THE INTEROCEANIC REGION
(TC-99-03-00-1)

EXECUTIVE SUMMARY

EXECUTING AGENCY:	Interoceanic Regional Authority (ARI)	
BENEFICIARY:	Interoceanic Regional Authority (ARI)	
OBJECTIVES:	The general objective of this project is to contribute to the development of the reverted areas by continuing support for ARI in transferring assets from the interoceanic region (IR) to private investors.	
DESCRIPTION:	The specific objective of the project is to provide technical support to ARI for the concession, sale, or leasing of a list of assets by hiring expert consultants.	
FINANCING:	Modality:	Grant
	Beneficiary:	US\$ 522,000
	MIF:	US\$1,050,000
	Total:	US\$1,572,000
EXECUTION SCHEDULE:	Execution period:	36 months
	Disbursement period:	42 months
ENVIRONMENTAL CLASSIFICATION:	At its meeting on May 25, 1999, the Committee on Environment and Social Impact approved the profile for this operation.	
EXCEPTIONS TO BANK POLICY:	The United Nations Development Programme (UNDP) will be hired to carry out the administrative functions required for the program (see paragraphs 3.13, 3.14, and 3.25).	

**CONTRACTUAL
CONDITIONS PRECEDENT
TO THE FIRST
DISBURSEMENT:**

ARI will submit the following to the Bank: (i) the calls for bids published for privatization of the Cerro Ancón and Kobbe Beach areas; (ii) a timetable for the privatization of the assets in List A; (iii) a schedule of activities for implementation of the asset management system; (iv) the draft ARI/UNDP contract; (v) appointment of the members of the Advisory Technical Committee and the Technical Coordinator of the program; and (vi) supporting documentation on the functions of the Environmental Coordinator, as described in paragraph 3.9 (for further details, see paragraph 3.26).

**SPECIAL CONTRACTUAL
CONDITIONS:**

Once 50% of the total MIF financing has been disbursed, ARI must have published a call for bids for at least four of the 11 assets in List A in order for the operation to be eligible for disbursement of the remaining 50% of the MIF financing.

I. ELIGIBILITY OF THE COUNTRY AND THE PROJECT

- 1.1 The Donors Committee declared Panama eligible for all modes of MIF financing at its meeting on February 11, 1998. On March 19, 1999, the MIF declared that this project is eligible under the Technical Cooperation Facility (Facility I) since it meets the eligibility criteria of the MIF and contributes to the strengthening and expansion of the private sector through deepening of the privatization program in the reverted areas of the Interoceanic Region.

II. BACKGROUND

A. The economic importance of the transition

- 2.1 In 1998, the Panamanian economy maintained a sustained growth rate of approximately 4% of GDP. Adequate incorporation into the economy of the assets of the Interoceanic Region (IR) is fundamental for its continued satisfactory performance. The management of the Interoceanic Regional Authority (ARI) focuses on the successful conclusion of the sale, concession, or leasing of assets.
- 2.2 The total assets that Panama receives as of December 31, 1999, are 14 military bases situated on approximately 140,000 hectares, with 7,200 buildings of varying uses. The minimum estimated value of these assets is US\$4 billion. The pace of the transition process has been picking up since 1995, with the transfer of Forts Davis, Espinar, Amador, and Albrook. In fulfillment of the Torrijos-Carter Treaties, the Government of the United States of America will transfer to the Panamanian authorities the last 23,215 hectares of land, 2,927 residences, and 230 buildings located in the areas of East Corozal, West Corozal, Farfán, Cocolí, Telfers Island, Ancón, Forts Kobbe, Clayton, and Sherman, Howard Air Base, and Rodman Naval Base.

B. The Bank, the MIF, and ARI

- 2.3 As part of the Bank's strategy in supporting the Government of Panama in reconvertng and developing the assets of the IR, in October 1993 loan 778/OC-PN was approved for financing three basic studies to guide the government in the development of the Interoceanic Region (Regional Plan, General Usage Plan, and Metropolitan Plan). The general and regional plans, which were enacted into law in 1997, provide ARI an outline for implementing privatization projects for the various zones. The loan also included studies for institutional strengthening intended to support the management of ARI, in order to increase its strategic planning capacity.
- 2.4 In October 1997, the MIF approved ATN/MT-5354-PN, for *Support for Participation of the Private Sector in the Reverted Areas*. Its objective was to

support transactions of ARI for transferring assets to private investors, to achieve efficient utilization of those assets, and to stimulate job creation.

- 2.5 This new MIF financing is justified for two primary reasons: (i) the results of the first MIF operation for ARI were satisfactory and it was agreed that a second operation would be carried out depending on the findings of the evaluation; and (ii) the Bank's involvement in the privatization process lends greater credibility to the assets to be privatized and gives ARI technical support in the transfer of assets to the private sector that are higher risk and less attractive to the market.

C. Evaluation of the MIF program for ARI

1. Requirements for a second phase of financing

- 2.6 The project established three criteria for evaluating whether its objectives were met, in order to determine the viability of a second phase of financing. These criteria were: (i) a minimum of five eligible assets within the program ready for sale or concession at the time the request for a second phase is submitted; (ii) firm measures must have been adopted for uniform management of the portfolio of assets within ARI; and (iii) a minimum of 80% of the funds of the Technical Cooperation Fund must have been committed.
- 2.7 **Transfer of assets.** With MIF support, a total of six assets has been transferred through competitive bidding, thereby achieving the main objective of the program: to privatize or concession at least five assets. The total value of these transactions was US\$122.6 million. The assets that were privatized are: (i) the Arraján tank farm, (ii) Albrook home sales, (iii) Albrook shopping center, (iv) sale of commercial buildings in Albrook; (v) sale of commercial lots in Albrook, and (vi) the Albrook retirement community. Additionally, the MIF supported preparations for the concession of the Cerro Ancón and Playa Kobbe tourist developments, scheduled for privatization in 1999.
- 2.8 **Portfolio Management Unit.** With its own resources, ARI hired Consultancy Services of Panama for a three-month period. The consulting firm identified the elements needed for implementing the system for administration of reverted property. In order to achieve proper management of IR assets, the consulting firm identified the following areas for development: (i) a system of operational accountability; (ii) training of ARI personnel relating to operational and financial data; (iii) unification of the database regarding reverted property; and (iv) facilitating the collection of and access to financial and technical information. In order to implement the consulting firm's recommendations, ARI, again using its own resources, hired the services of a programmer. The Asset Management and Control System (SACA) will be implemented fully in 1999.
- 2.9 **Disbursement level.** The disbursement level of this program was 85% (US\$593,652.33) of all funds approved. Upon expiration of the term for the final

disbursement, a total of US\$51,674 in funds was not utilized, funds that were duly cancelled.

- 2.10 In accordance with the criteria specified in paragraph 2.6, ARI complied satisfactorily with the requirements for requesting a second phase of financing from the MIF.

2. Improvements in ARI management

- 2.11 **Recovery of the portfolio.** Use of the MIF resources, leveraged with ARI's own resources, generated significant income. Of the income that ARI received through the sale of assets in 1998 (US\$63 million), US\$21 million was allocated to expenditures for the security, maintenance, infrastructure, and technical assessments needed for the privatization of the assets. The remainder (US\$42 million) was transferred as a capital contribution to the Trust Fund for Social Development¹.
- 2.12 **Environmental concerns.** The previous technical-cooperation project (ATN/MT-5354-PN) financed the hiring of an environmental planner, who developed: (i) an action plan for natural resource management, which includes project proposals, terms of reference, and institutional arrangements; and (ii) an environmental management proposal, which incorporates guidelines and requirements to ensure the sustainability of privatized projects. Details regarding the environmental background can be found in the project technical files.

3. Lessons learned

- 2.13 Implementation of the first program for ARI financed with MIF resources helped lay the foundations for this new operation. Various lessons can be drawn from the evaluation that ARI and the Bank have done of the first operation:
- a. Despite the scale and complexity of the transition process, ARI has a limited capacity for managing a large number of contract negotiations and auction processes in such a highly dynamic project as the one supported by the MIF. The main reasons for this limited capacity are the lack of staff assigned exclusively to these tasks, the limited appropriate legal counsel regarding bidding and concession procedures, a slow government regulatory structure, and limited access to information on international consultants.

¹ The remainder to be transferred to the fund is defined at the beginning of the year, subtracting the expenses budgeted for the full functioning of ARI based on its annual work program. The fund is comprised of funds from the privatization of public enterprises, income from the sales that ARI realizes, and other resources allocated by law. The yield from the fund can be used only for public investments in development and social projects, with 5% earmarked for local works, and another 5% for agriculture; the Executive can use 90% of the yield to guarantee issues of bonds and other public debt instruments, the income from which will be used to finance public investments in development and social projects.

- b. In a new operation, the assets to be privatized with MIF support must be clearly specified. The previous operation was limited to selecting general areas, such as "Fort Albrook" where more than five specific projects/assets to be privatized are actually located.
- c. A review of UNDP performance in the previous operation showed two areas in which delays occurred: (i) confusion over the Bank's procedures for the hiring of consultants, and (ii) lack of clarity about the Bank rules for authorization of disbursements. Bank procedures for the hiring and payment of consulting services must again prevail upon UNDP procedures in a second operation, in order to avoid any unnecessary delays in execution.

III. THE PROGRAM

A. Objectives

- 3.1 **General objective.** The general objective of this project is to contribute to the development of the reverted areas, continuing the support for ARI in the transfer of assets from the IR to private investors who, in turn, will make the necessary investments in order to utilize those assets efficiently and to create jobs.
- 3.2 **Specific objective.** The specific objective of the project is to provide technical support for ARI in preparing for the concession, sale, or leasing of a list of assets through a contribution from the MIF to the Technical Cooperation Fund of ARI, to hire expert consultants.
- 3.3 The project resources will be used to hire the professional services needed for eligible projects in this technical cooperation, classified in accordance with their requirements as priority projects, included on an "A" list (projects deemed very likely to be privatized in 1999), with the option of being replaced by projects included on a "B" list (privatization of which – planned for the year 2000 – may be moved ahead depending on market conditions).

B. Description

- 3.4 The basic content of this program is to contract eligible specialized consulting services, charged to the MIF, that are necessary for privatization of assets in the IR.
- 3.5 **Areas of expertise.** The proposed project will support the privatization of a list of assets, by hiring the following type of experts: (i) legal consultants to provide assistance to ARI in negotiating contracts, schedules of conditions, and specifications (bidding documents); (ii) financial consultants to prepare financial projections and evaluating the proposals submitted by private investors for financing specific projects; (iii) specialized economists to provide assistance in the economic analysis of projects; (iv) environmental consultants to perform the requisite environmental assessments; and (v) the assessments needed to establish

the parameters for asset privatization, as well as project promotion, marketing, and profiles, among other things.

- 3.6 With the proposed project, it is hoped that support will be provided for the privatization of at least 11 of the 16 projects located in: (i) Fort Sherman; (ii) Mocambo; (iii) West Corozal; (iv) Fort Clayton; (v) Telfers Island; (vi) France Field; and (vii) Palo Seco.
- 3.7 **MIF financing.** Total MIF financing of US\$1.05 million will be used only to finance the consulting required for the following activities: (i) environmental analysis; (ii) developing schedules of conditions and technical specifications; (iii) a promotion and marketing scheme for identifying the target markets for each specific project; (iv) evaluation of proposals; (v) a contract negotiation scheme; and (vi) environmental assessment. These are the only activities that will be eligible for MIF financing. The MIF will not finance general studies of any kind under this project, except for the environmental analysis that must be done for each asset in accordance with the provisions of the General Environment Act. Expenses for the specified activities will be eligible only once the assets have been privatized through a competitive bidding process. In the case of projects located at Howard Air Base, the MIF will finance the environmental analysis, the development of schedules of conditions and specifications, and the promotion and marketing scheme only once ARI has established the feasibility of a specific project.
- 3.8 **Counterpart contribution.** With its own resources, ARI will provide financing in the amount of up to US\$522,000 equivalent for the activities and assessments needed to define parameters for asset privatization. These activities include: (i) area development plans; (ii) project profiles; (iii) division into lots; (iv) land surveying; (v) topographical studies; and (vi) promotion and marketing schemes. Only those expenses incurred directly for privatizing assets or plots of land by means of competitive bidding will be recognized as local counterpart costs.
- 3.9 **Environmental supervision.** As a condition precedent to the first disbursement, ARI must submit to the Bank documentation on: (i) the qualifications of the staff that will be in charge of environmental issues under this operation; (ii) a list and schedule of activities to be carried out by the ARI Environmental Management Unit; (iii) the amount of time such staff will have to carry out the tasks to be assigned to the Environmental Coordinator; and (iv) a budget for the Environmental Management Unit consistent with the functions assigned to it under this project.
- 3.10 **Recovery mechanism.** Through the *Public Spending Budget Classification Manual*, ARI will indicate the budget items that will enable it to finance future privatizations of assets without additional access to new MIF financing. ARI has submitted to the Bank a list of these budget items, which adequately reflect its ability to finance its privatization activities in a sustainable manner.

- 3.11 **Main projects.** In order to make the process of selecting the assets eligible for MIF financing more flexible, and acknowledging that this process is fluid and variable in nature, the program has designated two categories (A and B) of eligible projects. Category A are priority projects eligible at any time provided that their transfer takes place through competitive bidding. If, for financial or market reasons, any of the A list assets cannot be financed by the program, it may be replaced by a B list project that is to be transferred by competitive bidding. Only the projects specified in these lists are eligible for MIF financing, under the rules to be specified in the technical cooperation agreement (see Annex II).
- 3.12 The documents for all the competitive bidding procedures for the assets in the areas mentioned in paragraph 3.6 must make reference to any environmental impact that may result from the privatization of the respective assets. In addition, ARI must see to it that the public is informed of these matters.

C. Execution

- 3.13 **Administration.** ARI will be the executing agency for this technical-cooperation project. Technical responsibility for project execution will be held by the Office of Operational Programming, which will appoint a technical coordinator for the project. ARI will subcontract the services of the UNDP to handle the hiring and payment of consultants and consulting firms through its Country Office in Panama. ARI will be responsible for identifying and selecting consultants. The system for notification of the Bank is described in paragraph 3.15.
- 3.14 Hiring the UNDP is justified for two reasons: (i) the agency has prior experience with ARI and the MIF, since it has already performed these functions in the first operation in support of ARI, and (ii) verification procedures will be faster than those which would be required if ARI were to follow the procedures of Panama's Office of the Auditor General. However, some inconsistencies have been identified between the Bank's and the UNDP's respective procedures for hiring consultants and determining eligibility for disbursement. Accordingly, the Bank will request that a clause be included in the agreement with the ARI and UNDP indicating that in the case of conflict between Bank and UNDP procedures, the Bank procedures will prevail.
- 3.15 The authority to approve and commit resources and to select consultants for short- and medium-term contracts will be delegated to the executing agency, with ex post notification of the IDB/MIF, provided that: (i) the consultants have the experience indicated in paragraph 3.5; (ii) the consultants financed by the MIF are assigned activities among those described in paragraph 3.7; (iii) the contracts for individual consultants are limited to US\$50,000 and six months; (iv) the contracts for consulting firms are limited to US\$80,000; and (v) 30 days after signature of the contract, COF/CPN is notified of the following, among other information: (a) the professional background of the individual consultants or the financial statements of the consulting firms; (b) the terms of reference for the consulting services; (c) a review of fulfillment of the conditions set forth in paragraphs 3.5

and 3.7; and (d) the names of two other individual consultants or firms that were considered.

- 3.16 An Advisory Committee will be established, comprised of the Director of the Privatization Unit (Proprivat) of the Ministry of the Economy and Finance (MEF) and the ARI Directors of Operations Programming, Technical Planning, Marketing and Promotion. The Committee, at the behest of ARI, will operate for the purpose of establishing the auction and negotiating strategies of the projects, among other aspects. The function of the Committee will be solely to advise ARI during the Program execution, and it will not perform any administrative functions within the Program at any time. A detailed description of the functions of the Advisory Committee can be found in the project technical files.
- 3.17 **Disbursements.** In order to maintain a smooth implementation mechanism, a revolving fund of 20% of the total amount of the financing will be created. After the first payment of 20%, the project will be implemented using the administrative mechanism of the revolving fund. Once 50% of the total Bank financing has been disbursed, an evaluation will be conducted in order to verify that the performance goals set forth in paragraph 3.23 of this document have been met, in order to approve disbursement of the remaining 50%. The disbursements will be made over a period not exceeding 42 months following signature of the technical-cooperation agreement. The project execution period will be 36 months.

D. Financing and costs

- 3.18 The total cost of this technical cooperation is US\$1.57 million. MIF financing (TC facility) is a grant in the amount of US\$1.05 million ARI will contribute US\$522,000 from its operating budget. The project budget is broken down below by type of service.

List A projects by budget category	Total (in US\$ thousands)	IDB/MIF (in US\$ thousands)	Local contribution (in US\$ thousands)
Project profiles	37	-	37
Industrial activities plan for areas to be privatized	7	-	7
Commercial activities plan for areas to be privatized	7	-	7
Area development plan	84	-	84
Environmental analyses	296	296	-
Land surveying	103	-	103
Topography	43	-	43
Division into lots	35	-	35
Development of schedules of conditions and technical specifications	169	169	
Promotion and marketing	320	160	160
Contractual strategy	-	-	-
Evaluation of proposals	123	123	
Environmental assessment	88	88	-
Contract negotiation	57	57	-
Contingencies (10%)	157	157	
Subtotal	1,52	1,05	476
Administrative expenses (UNDP: 3%)	46		46
Total	1,57	1,05	522
	100%	67%	33%

3.19 Annex II presents the itemized budget by budget category for each of the privatization projects on the A and the B lists.

E. Project justification and risks

3.20 **Justification.** The project is justified by the major impact that the asset reversion process has had on the Panamanian economy². The success of the reversion process in the Interoceanic Region will have a substantial impact on the economic development of Panama and on the increase in private investment. Support for the process is an objective of the Bank's strategy in Panama. Likewise, MIF participation in support of ARI made it possible to generate US\$123 million in direct private investment, through the activities financed during the previous technical-cooperation project. A detailed evaluation of ATN/MT-5354-PN is available in the project technical files.

3.21 **Risks.** The proposed project has two risks that need to be mitigated. First, ARI has a limited institutional capacity to process multiple terms of reference, contract negotiations, and competitive biddings in a short period of time, given the current structure of government regulations and the limited information on international

² The reverted areas contributed approximately 10.5% of gross domestic product (GDP) in Panama in 1997, with an average annual increase in aggregate value of 6.6% from 1994 to 1997. Investment in the reverted areas represents 8.1% of all investment, with an annual growth rate of 30%. Additionally, in 1997 the reverted areas employed 3.5% of the country's workforce, with an annual increase of 6.6% from 1994 to 1997.

consultants to which ARI has access. To counterbalance this risk, ARI must assign sufficient personnel, specializing in contracting with consultants and companies and with proven management of the standards of the Bank and of the Republic of Panama, to regulate the competitive bidding and contracting so that they can actively work with the UNDP in hiring consultants. For this purpose, the Project Coordination Unit must be strengthened.

- 3.22 Second, the issue of the environment is a serious concern in the reversion and privatization process. The Interoceanic Region possesses great ecological value, in addition to the importance that conservation of the environment has in terms of maintaining the Panama Canal watershed, which is of prime importance for the proper functioning of the canal. In order to ensure compliance with environmental regulations during the privatization process supported by the program, the program will finance the environmental assessments required by law, and it has been agreed that environmental management plans for each privatization project must be included in the bidding documents. The environmental action plan financed under the previous operation included recommendations that are now being implemented. It can be found in the project technical files.

F. Performance goals and reports

- 3.23 **Performance goals.** In order to approve disbursements equivalent to 50% of the remaining MIF resources, ARI must have carried out competitive bidding for at least four of the 11 assets included in List A. To verify fulfillment of this condition, it will be sufficient for the respective press announcements calling for bids to be submitted to the Bank.
- 3.24 **Reports.** ARI will submit three reports to the Bank. Before the operation is eligible for disbursements, ARI will submit a timetable to the Bank that details when it expects to carry out competitive bidding for the assets in List A. The second report, which must be submitted once 50% of the funds have been disbursed, will cover the publication of the calls for bids for no fewer than four of the 11 assets on List A, and the projected privatization of the remaining assets. The last report must document competitive bidding on the remaining assets, in order to evaluate the success of the proposed project.

G. Exceptions to Bank policies and procedures

- 3.25 As an exception to Bank policy, it is recommended that the UNDP be hired so that it may provide its support for ARI in the hiring and payment of the consulting services necessary for project execution. The hiring will be done in accordance with the policies and procedures of the Bank.

H. Contractual conditions

- 3.26 **Conditions precedent.** As conditions precedent to the first disbursement, ARI must submit to the Bank: (i) the press publications announcing the calls for bids

for privatization of the Cerro Ancón and Kobbe Beach tourist zones (projects pending from the first program); (ii) a timetable detailing when competitive bidding is expected to be held for the assets on the A list; (iii) a schedule of activities for establishing the asset management system; (iv) a draft of the ARI/UNDP agreement for the Bank to state its nonobjection; (v) appointment of the members of the Technical Advisory Committee and the name of the Technical Coordinator of the program, in writing and sent to the Bank's Country Office in Panama; and (vi) the documentation referred to in paragraph 3.9 on the Environmental Management Unit.

- 3.27 **Special conditions.** Once 50% of the total amount of MIF financing has been disbursed, ARI must have published a call for bids for at least four of 11 assets on List A, in order for the operation to be eligible for disbursement of the remaining 50% of MIF financing.

SUPPORT FOR PRIVATIZATION IN THE INTEROCEANIC REGION
THE STRUCTURE OF THE LOGICAL FRAMEWORK

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Contribute to the development of reverted assets through transfer of the assets of the IR to private investors in an efficient manner and in order to create jobs.	Generation of income based on ARI privatizations for a minimum of US\$100 million.	ARI income provided by the Office of Operational Programming.	Maintaining a skilled staff and dynamic contracting and auction processes within ARI.
Provide technical support for ARI in order to transfer assets of the IR to the private sector through competitive bidding.	Successful transfer of 10 assets through competitive bidding.	Auction documents; transfers to the private sector.	Good prices in the market for the property to be privatized.
Outputs To produce the studies necessary for privatizing a total of 10 assets. To provide environmental advice to ARI.	Number of contracts awarded, time in which the consulting services are completed.	Contracts and payments for services; reports to be submitted by ARI.	Real demand for the property to be privatized.
Activities To produce the studies necessary for privatizing a total of 10 assets 1. To contract with consultants on: 1.1 Environmental Analysis 1.2 Preparation of Schedules of Conditions and Specifications 1.3 Promotion and Marketing Scheme 1.4 Evaluation of Proposals 1.5 Negotiation and Marketing Scheme 1.6 Area Development Plans 1.7 Project Profiles 1.8 Division into Lots 1.9 Land Surveying 1.10 Topographical Studies	Number of consulting contracts awarded.	Contracts and payments for services.	Availability of experts in the required areas of specialization.

ITEMIZED BUDGET

Site	Project	Contracting Areas	Time (man/ months)	Total	External	Local
Costs (\$ in thousands)						
West Corozal	Concession or sale for the development, operation, and administration of a repair and maintenance center for marine and dock equipment	Total	10	151.0	104.0	47.0
		Project profile	2	22.0	0.0	22.0
		Environmental analysis	2	38.0	38.0	0.0
		Prep. of schedules of conditions and specifications	2	26.0	26.0	0.0
		Promotion and marketing	3	50.0	25.0	25.0
		Evaluation of proposals	1	15.0	15.0	0.0
West Corozal	Concession or sale of land for the operation of an Industrial Park/Maritime Park for international cargo	Total	13	148.0	91.0	57.0
		Area development plan	3	32.0	0.0	32.0
		Environmental analysis	1	35.0	35.0	0.0
		Prep. of schedules of conditions and specifications	2	10.0	10.0	0.0
		Promotion and marketing	3	50.0	25.0	25.0
		Evaluation of proposals	1	15.0	15.0	0.0
Clayton	Concession or sale of land for the development, administration and operation of an urban, commercial, educational, and recreational center	Total	8	78.0	57.5	20.5
		Project profile	1	5.0	0.0	5.0
		Environmental analysis	2	22.0	22.0	0.0
		Prep. of schedules of conditions and specifications	1	15.0	15.0	0.0
		Promotion and marketing	3	31.0	15.5	15.5
		Evaluation of proposals	1	5.0	5.0	0.0

ITEMIZED BUDGET

Site	Project	Contracting Areas	Time (man/ months)	Total	External	Local
Costs (\$ in thousands)						
Clayton	Concession or sale of land for the development, administration, and operation of a center for services related to area development	Total	9	134.0	67.0	67.0
		Project profile	1	10.0	0.0	10.0
		Land surveying	1	40.0	0.0	40.0
		Prep. of schedules of conditions and specifications	1	17.0	17.0	0.0
		Promotion and marketing	3	34.0	17.0	17.0
		Evaluation of proposals	1	8.0	8.0	0.0
		Environmental assessment	2	25.0	25.0	0.0
			13	200.0	84.0	116.0
France Field	Concession or sale of land for the development, administration, and operation of industrial parks	Total				
		Area industrial activity plan	1	7.0	0.0	7.0
		Area commercial activity plan	1	7.0	0.0	7.0
		Environmental analysis	3	43.0	43.0	0.0
		Land surveying	2	38.0	0.0	38.0
		Topography	1	43.0	0.0	43.0
		Prep. of schedules of conditions and specifications	1	10.0	10.0	0.0
		Promotion and marketing	3	42.0	21.0	21.0
		Evaluation of proposals	1	10.0	10.0	0.0
Sherman	Concession or sale for the construction of a hotel and recreational area	Total	12	158.0	101.0	57.0
		Area development plan	3	32.0	0.0	32.0
		Prep. of schedules of conditions and specifications	1	14.0	14.0	0.0
		Promotion and marketing	3	50.0	25.0	25.0
		Evaluation of proposals	1	12.0	12.0	0.0
		Contract negotiation scheme	1	12.0	12.0	0.0
		Environmental analysis	3	38.0	38.0	0.0

ITEMIZED BUDGET

Site	Project	Contracting Areas	Time (man/ months)	Total	External	Local
Costs (\$ in thousands)						
Telfers	Concession or sale of land for the development, administration, and operation of industrial parks	Total	13	237.0	125.0	112.0
		Area development plan	2	20.0	0.0	20.0
		Land surveying	1	25.0	0.0	25.0
		Division into lots	1	35.0	0.0	35.0
		Prep. of schedules of conditions and specifications	1	15.0	15.0	0.0
		Promotion and marketing	3	64.0	32.0	32.0
		Evaluation of proposals	1	14.0	14.0	0.0
		Contract negotiation scheme	1	14.0	14.0	0.0
		Environmental analysis	3	50.0	50.0	0.0
Palo Seco	Tourist development	Total	7	90.0	90.0	0.0
		Environmental analysis	3	45.0	45.0	0.0
		Prep. of schedules of conditions and specifications	2	20.0	20.0	0.0
		Evaluation of proposals	1	15.0	15.0	0.0
		Contract negotiation scheme	1	10.0	10.0	0.0
Telfers	Concession or sale of land for the development, administration, and operation of a support commercial center/industrial center	Total	4	44.0	44.0	0.0
		Prep. of schedules of conditions and specifications	1	10.0	10.0	0.0
		Evaluation of proposals	1	9.0	9.0	0.0
		Environmental assessment	2	25.0	25.0	0.0
Sherman	Concession or sale of land for the construction, administration, and operation of an aquatic and ecotourism sports school	Total	4	76.0	76.0	0.0
		Prep. of schedules of conditions and specifications	1	16.0	16.0	0.0
		Evaluation of proposals	1	12.0	12.0	0.0
		Contract negotiation scheme	1	10.0	10.0	0.0
		Environmental assessment	2	38.0	38.0	0.0

ITEMIZED BUDGET

Cat.	Site	Project	Contracting Areas	Time (man/ months)	Total	External	Local
					Costs (\$ in thousands)		
A	Mocambo	Concession and sale of land for commercial and industrial projects	Total	5	54.0	54.0	0.0
			Environmental analysis	2	25.0	25.0	0.0
			Prep. of schedules of conditions and specifications	1	16.0	16.0	0.0
			Evaluation of proposals	1	8.0	8.0	0.0
			Contract negotiation scheme	1	5.0	5.0	0.0
B	Farfán	Concession or sale of land for the development, administration and operation of a geriatric and therapeutic center	Total	11	160.0	80.0	80.0
			Analysis of alternatives	1	10.0	0.0	10.0
			Land surveying	1	30.0	0.0	30.0
			Area development plan	2	20.0	0.0	20.0
			Prep. of schedules of conditions and specifications	1	10.0	10.0	0.0
			Promotion and marketing	2	40.0	20.0	20.0
			Evaluation of proposals	1	10.0	1.0	0.0
			Contract negotiation scheme	1	10.0	10.0	0.0
			Environmental assessment	2	30.0	30.0	0.0
			Total	14	150.0	72.0	78.0
B	Sherman	Development of pharmacological potential	Plant pharmacology	2	20.0	0.0	20.0
			Analysis of alternatives	2	20.0	0.0	20.0
			Area development plan	3	20.0	0.0	20.0
			Prep. of schedules of conditions and specifications	1	18.0	18.0	0.0
			Promotion and marketing	3	36.0	18.0	18.0
			Evaluation of proposals	1	9.0	9.0	0.0
			Contract negotiation scheme	1	9.0	9.0	0.0
			Environmental assessment	1	18.0	18.0	0.0
			Total	12	225.0	102.5	122.5
			Analysis of alternative sites	1	10.0	0.0	10.0
B	Sherman	Concession or sale for the development, administration, and operation of a marina for small craft	Soil study	1	10.0	0.0	10.0

ITEMIZED BUDGET

Cat.	Site	Project	Contracting Areas	Time (man/ months)	Total	External	Local
					Costs (\$ in thousands)		
B	Farfán	Concession or sale of land for the development, administration, and operation of a port complex	Bathymetry study	1	75.0	0.0	75.0
			Market study	1	10.0	0.0	10.0
			Prep. of schedules of conditions and specifications	1	25.0	25.0	0.0
			Promotion and marketing	2	35.0	17.5	17.5
			Evaluation of proposals	1	10.0	10.0	0.0
			Contract negotiation scheme	1	10.0	10.0	0.0
			Environmental assessment	3	40.0	40.0	0.0
			Total	13	250.0	120.0	130.0
			Analysis of alternatives	2	20.0	0.0	20.0
			Environmental assessment	1	45.0	45.0	0.0
			Bathymetry study	2	60.0	0.0	60.0
			Market study	1	20.0	0.0	20.0
			Prep. of schedules of conditions and specifications	1	25.0	25.0	0.0
B	Sherman	Concession for the breeding and marketing of wildlife	Promotion and marketing	2	60.0	30.0	30.0
			Evaluation of proposals	1	10.0	10.0	0.0
			Contract negotiation scheme	1	10.0	10.0	0.0
			Total	12	150.0	72.0	78.0
			Tropical wildlife	2	30.0	0.0	30.0
			Project profile	2	30.0	0.0	30.0
			Prep. of schedules of conditions and specifications	1	18.0	18.0	0.0
			Promotion and marketing	3	36.0	18.0	18.0
			Evaluation of proposals	1	9.0	9.0	0.0
			Contract negotiation scheme	1	9.0	9.0	0.0
			Environmental assessment	2	18.0	18.0	0.0

ITEMIZED BUDGET

Site	Project	Contracting Areas	Time (man/ months)	Total	External	Local
Costs (\$ in thousands)						
		Total A	98	1370.0	893.5	476.5
		Contingencies (10%)		156.5	156.5	
		Program subtotal		1526.5	1050.0	476.5
		Administrative expenses (UNDP: 3%)		45.8		45.8
		Total		1572.3	1050.0	522.3
		Total B	62	935.0	446.5	488.5
		Contingencies (9.8%)		91.6	91.6	
		Program subtotal		1026.6		
		Administrative expenses (UNDP: 3%)		30.8		30.8
		Total			538.1	538.1

PROPOSED RESOLUTION

**PANAMA. NONREIMBURSABLE TECHNICAL COOPERATION FOR SUPPORT OF
THE PRIVATIZATION OF THE INTEROCEANIC REGION**

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the República de Panamá, and to take such additional measures as may be pertinent for the execution of the project memorandum referred to in Document MIF/AT-_____ with respect to a technical cooperation for Support of the Privatization of the Interoceanic Region.

2. That up to the amount of US\$1,050,000, or its equivalent in other convertible currencies, is authorized for the purpose of this resolution, chargeable to the resources of the Technical Cooperation Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.