

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PANAMA

**DEVELOPMENT OF CULTURAL INDUSTRIES IN PANAMA CITY TO
BOOST THE HISTORIC CITY CENTER**

(PN-M1017)

DONORS MEMORANDUM

This document was prepared by the project team consisting of Federico de Arteaga (MIF/OPS), Marcelo Antinori (CID/CPN), and Francisco Rojo (MIF/IKM), Project Team Co-leaders; Rosario Silvera (MIF/CPN); Gina Cambra (MIF/CPN); Armando Chamorro (CMF/CPN); Dora Moscoso (MIF/DEU); and Anne Marie Lauschus (LEG/NSG).

CONTENTS

I.	EXECUTIVE SUMMARY.....	1
II.	BACKGROUND.....	2
III.	OBJECTIVES AND DESCRIPTION.....	5
	A. Objectives.....	5
	B. Components and activities	5
IV.	COST AND FINANCING.....	7
	A. Project sustainability	7
V.	EXECUTING AGENCY AND EXECUTION MECHANISM.....	8
VI.	MONITORING AND EVALUATION.....	10
VII.	BENEFICIARIES AND RISKS.....	11
VIII.	SOCIAL AND ENVIRONMENTAL CONSIDERATIONS	12

ANNEXES

Annex I	Logical Framework
Annex II	Itemized Budget

APPENDICES

Proposed resolution

INFORMATION AVAILABLE IN THE TECHNICAL FILES

Document I:	Operating Regulations
Document II:	Schedule of activities
Document III:	Preliminary milestones
Document IV:	Procurement Plan
Document V:	Institutional evaluation of the executing agency
Document VI:	Statement of no objection to the project from Panama's Ministry of Finance

ABBREVIATIONS

FUNDES	Fundación para el Desarrollo Sostenible
GDP	gross domestic product
INAC	Instituto Nacional de Cultura [National Institute of Culture]
OCA	Oficina del Casco Antiguo [Office for the Historic City Center]
PSR	project status report
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization

PANAMA
DEVELOPMENT OF CULTURAL INDUSTRIES IN PANAMA CITY TO BOOST THE HISTORIC CITY
CENTER
(PN-M1017)

I. EXECUTIVE SUMMARY

Country/region:	Panama	
Project title:	Development of cultural industries in Panama City to boost the historic city center	
Project number:	PN-M1017	
Project team:	Federico de Arteaga (MIF/OPS), Marcelo Antinori (CID/CPN), and Francisco Rojo (MIF/IKM), Project Team Co-leaders; Rosario Silvera (MIF/CPN); Gina Cambra (MIF/CPN); Armando Chamorro (CMF/CPN); Dora Moscoso (MIF/DEU); and Anne Marie Lauschus (LEG/SGO).	
Beneficiaries:	Republic of Panama—owner/operators of cultural microenterprises and small businesses in Panama City. The entire population of the historic city center and surrounding areas will benefit indirectly from the project.	
Executing agency:	Instituto Nacional de Cultura (INAC), acting through the Oficina del Casco Antiguo [Office for the Historic City Center] (OCA)	
Financing:	MIF (technical assistance)	US\$1,291,000 (67%)
	Local contribution:	US\$ 624,000 (33%)
	Total:	US\$1,915,000 (100%)
Execution timetable:	Execution period:	42 months
	Disbursement period:	42 months
Group/subgroup:	SME/BDEV	
Objectives:	The goal of the project is to help position the historic center city as a magnet and focal point for attracting and developing cultural industries in Panama. The purpose is to implement cultural-industry-related business initiatives in Panama City.	
Special contractual clauses:	Conditions precedent to the first disbursement: (i) hiring of the project coordinator; (ii) submittal of collaboration agreements with Fundación para el Desarrollo Sostenible (FUNDES), the City of Knowledge, and a university; (iii) submittal of the advisory committee and steering committee charters; and (iv) signing of an agreement with the United Nations Development Programme to provide administrative support to the OCA for procurement/payment of goods and services and contracting of consultants, under the terms agreed upon with the Bank.	

Exceptions to Bank policy:	As an exception to policy AF-100, the IDB/MIF will contract the financial audits.
Environmental and social review:	The Environmental and Social Impact Review Committee reviewed the project abstract on 22 September 2008 (meeting ESR 37-08) and classified the project as a Category “C” operation.

II. BACKGROUND

- 2.1 In recent years Panama’s economy has experienced a boom, with growth in real gross domestic product averaging over 8.5% from 2004 to 2007. Most of this growth has occurred in Panama City, which is home to more than half of the country’s total population.¹ Today, Panama boasts one of the fastest-growing economies in Latin America, but despite its medium-to-high GDP per capita, Panama continues to be a nation of stark contrasts. In 2003, more than one third of the population was living in poverty, with 16% living in extreme poverty—a situation that is perpetuated by vast educational inequalities that mirror the inequalities that exist throughout Panamanian society. The future looks bright, however, and the circumstances present an opportunity to make progress in reducing persistent poverty and inequality.²
- 2.2 Panama City’s historic center (*el Casco Antiguo*) has immense cultural wealth and economic potential, yet more than 80% of the families residing there live on less than US\$250 per month, and 20% of its heads of household have no stable employment or income. About 60% of all homes in the area are currently occupied by low-income residents, with the remainder vacant, under restoration, or occupied by high-income residents. The historic city center covers 44 hectares and includes 900 buildings of historical or architectural interest, while the neighboring areas of Santa Ana and El Chorrillo cover more than 100 hectares. The historic city center was designated a Panamanian Historical Monument Area (*Conjunto Monumental Histórico de Panamá*) in 1976, and a World Heritage Site by UNESCO in 1997.
- 2.3 The historic city center encompasses the old colonial walled city and a significant portion of what used to be the city outskirts. Its legal boundaries include part of the neighboring *corregimientos* (district subdivisions) of Santa Ana and El Chorrillo, which are home to more than 35,000 people. Average household income in this area, according to the latest census (2000), is US\$300 per month, and the area has fewer than 1,000 formal-sector jobs. These areas are not only the urban sector most interconnected with the historic city center—they are an important part of the historic heart of Panama City, having served as the setting for the Panama’s most

¹ Approximately 1.8 million residents, according to the latest census, conducted in 2000.

² World Bank, Panama Country Brief: Development Progress. <http://web.worldbank.org>.

momentous historical events and its most significant social and nationalist struggles.

- 2.4 Like many historic city centers in the region, Panama City's *Casco Antiguo* fell into decay as an urban center over the first half of the 20th century. By the 1920s and 1930s, the economic elites who owned most of the buildings abandoned the area and moved to new suburban developments. In subsequent years, the historic city center became a tenement neighborhood for the middle classes and for immigrants from the country's rural provinces. Its deteriorating old buildings, the city's continued expansion, and the general decline in the residential rental business led in more recent decades to the presence of increasingly poor residents, who developed patterns of squatting in abandoned buildings, and to an informal room-rental market. A handful of government entities (the Office of the President, ministries, the National Theater) remained in the area, thereby preserving some jobs and a certain level of functional relevance within the city.
- 2.5 The historic city center has an interesting cultural infrastructure that makes it an excellent place to develop entrepreneurial initiatives of a cultural nature. This infrastructure includes the churches Iglesia de la Merced and Iglesia de San José, the ruins of the Iglesia de la Compañía de Jesús church; the Interoceanic Canal Museum; the Santo Domingo convent; City Hall; the National Theater; Góngora House; Iglesia San Felipe de Neri; San Francisco Convent; Salón Bolívar; the Office of the President; the Paseo de las Bóvedas promenade; and Casona de las Brujas [Witches' Mansion]. Also noteworthy are the *Casco Antiguo*'s public squares, not only for their intrinsic appeal but also for their cohesive, local character: Plaza de Francia, Plaza de la Catedral, Plaza Bolívar, Plaza Herrera, Plaza Santa Ana, and Plaza 2 de Enero.
- 2.6 In Panama City in general, and in its historic city center in particular, cultural industries are experiencing greater appreciation and are beginning to blossom. This can be seen in various private- and public-sector initiatives, such as the recently passed Cinema Act and the subsequent public- and private-sector events to be held in the coming months: the International Songwriting Festival; the International Performing Arts Festival; and the Ícaro Central American Film and Video Festival. All of these events will take place primarily in the historic city center.
- 2.7 **Problem.** There is a lack of entrepreneurial vision and institutional coordination with respect to the economic opportunities (in terms of job creation and income generation) offered by an efficient use of Panama City's artistic, creative, and cultural capital in general, and the historic and cultural assets in the historic city center in particular, in addition to the following: (i) limited experience amongst the various public- and private-sector stakeholders in managing the local cultural economy; (ii) an absence of clear medium- to long-range strategies; (iii) limited understanding of the benefits of interagency collaboration—which is particularly important for cultural industries and for the development of the historic city center; (iv) unmet demand for cultural economic activities and supply that has not been fully exploited; (v) a lack of training opportunities in cultural management; and,

- most importantly, (vi) inadequate support for promoting new initiatives in the cultural industry sphere. The new private-sector tourism and culture industry is suffering the effects of a lack of overall coordination and a lack of clear objectives as to the historic city center's new role. The obvious potential of the historic city center as the city's cultural hub could be tapped through more targeted strategies to promote and build an urban identity through the cultural industries.
- 2.8 Although Panama City has talented, creative human resources in the cultural community (theater groups, dance schools, filmmakers, musicians, etc.) and outstanding physical cultural assets in the historic city center (museums, churches, historic buildings, a significant number of *plazas*—many of which are also of particular historical interest—etc.), culture is not perceived by the private sector as a driving force for business development. Cultural activities are seen by most Panamanians as a pastime—a hobby to be pursued on an informal, temporary basis, or as a part-time job. In the public sector, the prevailing approach until now has been to sponsor cultural offerings, which poses obvious sustainability and competitiveness issues.
- 2.9 **Rationale and additionality.** There is a tremendous opportunity to develop the cultural industries in Panama City by leveraging the existing cultural/economic potential of the historic city center and the artistic and creative talent available throughout the city. Accordingly, the emergence of an entrepreneurial fabric in the cultural industries must be supported, within the framework of a consistent local development strategy, to position the historic city center as a focal point for the cultural industries, integrating it into the life of the city as a hub for both locals and foreigners to enjoy cultural products and services.
- 2.10 Despite the limited availability of statistics, especially in the developing countries, cultural industries are estimated to account for 7% of gross world product, which shows the importance of this sector as a growth factor in today's economic systems. The available statistics for Latin America and the Caribbean indicate that the average share of GDP is only 3.5% to 4% (not counting cultural tourism). In the European countries, this indicator ranges from 5.5% to 6%, while in the United States it is 7% to 8%. Cultural industries are also an important source of employment. In England, for example, 6% of the population works in a cultural industry. The demand for labor in this sector is usually for a wide array of occupations and professions, such as: cultural promoters, restorers of artwork and cultural goods, museum conservators, engraving experts, crafts specialists (metalworking, pottery, woodworking, etc.), sociocultural event organizers, artists (actors, musicians, dancers, choreographers, etc.), creators of multimedia products, and specialized lawyers, among many others.
- 2.11 Development through culture constitutes a complementary development model whose focus is local and whose main pillar is the existing local resources in a given place. This model furthers area-based development and the productive use of local resources, with emphasis on the following: (i) upgrading human resources through training; (ii) creating an enabling environment for business startup and

development; and (iii) institutional coordination. Other additional benefits of this group of economic activities, in addition to their labor-intensive nature, are that many have no special credentialing requirements, and they are usually shielded from international competition because they involve direct interaction between the provider and the user. Another distinctive feature of these activities is that supply and demand need to be organized in the marketplace through collaboration between the public and private sectors.³

III. OBJECTIVES AND DESCRIPTION

A. Objectives

- 3.1 The **goal** of the project is to help position the historic center city as a magnet and focal point for attracting and developing the cultural industries in Panama. The **purpose** is to implement cultural-industry-related business initiatives in Panama City.

B. Components and activities

- 3.2 **Component I. Strategy to promote cultural industries (MIF: US\$132,080; local contribution: US\$226,080).** The objective of this component is to create a favorable environment by enhancing and linking existing efforts with new efforts under the project, to give rise to new business opportunities based on an integrated cultural-intervention strategy. The idea is to position the historic city center as a magnet and hub for the cultural industry in the city by carrying out the following activities: (i) holding a project launch event; (ii) designing the OCA's cultural-intervention strategy; (iii) transferring know-how on best practices for renewal of historic city centers through cultural industries; (iv) establishing and organizing coordination networks among public- and private-sector institutions and agents for developing cultural industries; (v) creating a corporate image for the historic city center's cultural industries; (vi) developing and implementing a project communication policy for integrating the historic city center into the city as a magnet for cultural industries; (vii) conducting a survey of demand for cultural products and services in the city; (viii) identifying and negotiating to secure space for cultural enterprises in the historic city center; and (ix) raising awareness about integrating the historic city center into the city.
- 3.3 **Component II. Creation and acceleration of culture-based enterprises (MIF: US\$586,125; local contribution: US\$184,500).** The purpose of this component is to promote the emergence of new cultural enterprises and to foster the growth of existing ones. To this end, the following activities will be carried out: (i) call for proposals, competition, and selection of potential cultural entrepreneurs; (ii) workshops for developing business ideas; (iii) design of training methodology: classification by sector, level of education, and growth potential of the enterprise

³ "La cuestión de los Nuevos Yacimientos de Empleo en la Unión Europea [The Issue of New Fields of Employment in the European Union]," Revista Valenciana de Estudios Económicos.

- (includes development of training materials); (iv) training of trainers in business incubation; (v) implementation of business development training for selected entrepreneurs using the developed methodology—including business plan design and follow-up during the first few months after the enterprise is launched; (vi) technical assistance for implementing business plans; and (vii) development of flagship cultural entrepreneurship projects for promoting the historic city center.
- 3.4 **Component III. Development and implementation of new cultural services and products through business partnerships (MIF: US\$90,000, local contribution: US\$15,000).** This component aims to help identify business opportunities and develop joint business ventures between two or more enterprises, at least one of which is located in the historic city center. The following activities will be carried out: (i) identification and promotion of business partnership opportunities; and (ii) development of the partnerships' business strategy and technical assistance for strategy implementation.
- 3.5 **Component IV. Cultural management training (MIF: US\$42,000; local contribution: US\$20,000).** The purpose of this component is to train members of the cultural community in cultural-management issues. A stable supply of cultural management training opportunities will be generated to facilitate the business-promotion efforts of those involved in creating goods and services with cultural content. The following activities will be carried out: (i) teaching of beginning courses in cultural management; and (ii) support for the development of a new formal curriculum in cultural management for a certificate and/or university degree program.
- 3.6 **Component V. Sustainability, promotion, and dissemination (MIF: US\$186,500, local contribution: US\$85,725).** This component seeks to develop strategies and tools to promote and disseminate the cultural activities described in the above components and to develop a consistent project-sustainability strategy. To this end, the following activities will be carried out: (i) development and implementation of a project-sustainability plan; (ii) compilation of successful case studies and best practices; (iii) development of stories of change videos; and (iv) promotion and dissemination of cultural activity in the historic city center.
- 3.7 The following are the **expected outcomes** of the project: (i) 90 entrepreneurs will be helped to develop cultural-industry-related business ideas; (ii) 70 entrepreneurs will receive 6 to 18 months of monitoring, as well as specialized technical assistance to implement business plans, with at least 50 forming lasting enterprises; (iii) at least 50 entrepreneurs not initially selected for technical assistance will be trained in how to pursue their business ideas; (iv) at least 200 stable jobs and 300 temporary jobs will be created; (v) an innovative methodology for supporting cultural enterprises will be developed and implemented; (vi) 120 persons will be trained in cultural management; (vii) a curriculum for a certificate and/or degree in cultural management will be developed and offered by at least one university; (viii) four flagship cultural business projects will be developed to promote the historic city center; (ix) the historic city center will be positioned as the hub of the

city's cultural development, will have a cultural industry strategy, and will be more integrated with the city; (x) the institutional fabric supporting the cultural industry in the city will be strengthened.

IV. COST AND FINANCING

- 4.1 The project has a **total cost** of US\$1,915,000. The OCA will provide US\$624,000 (33%) as the local counterpart contribution, at least 50% of which will be in cash, and the MIF will contribute US\$1,291,000 (67%).

Budget categories	MIF	LOCAL	TOTAL	%
Component I	132,080	226,080	358,160	18.77%
Component II	586,125	184,500	770,625	40.38%
Component III	90,000	15,000	105,000	5.50%
Component IV	42,000	20,000	62,000	3.25%
Component V	186,500	85,725	272,225	14.26%
Administration	113,400	92,695	206,095	10.80%
Audits, evaluation, and institution-strengthening	84,000		84,000	4.40%
Contingencies⁴	50,440	0	50,440	2.64%
SUBTOTAL	1,284,545	624,000	1,908,545	
<i>Percentage</i>	<i>67%</i>	<i>33%</i>	<i>100%</i>	
Impact Evaluation Fund	6,455	-	6,455	
TOTAL	1,291,000	624,000	1,915,000	

A. Project sustainability

- 4.2 The project's **sustainability** rests on three underlying factors. First, a significant percentage of the cultural enterprises receiving support through the project are expected to thrive and grow in the future, paving the way for new job creation. The project should firmly establish the historic city center as a hub of future cultural initiatives in Panama City. Second, because the project specifically targets the cultural marketplace, which in Panama is vibrant despite being in its early stages, the supported enterprises should serve as a model for other potential enterprises. Lastly, the project calls for a sustainability plan to be prepared after its second year in order to effectively meet the challenge of making the project sustainable.

⁴ If a cluster in the thematic area of Cultural Industries is approved, the Bank will deduct US\$15,000 for coordination activities.

V. EXECUTING AGENCY AND EXECUTION MECHANISM

- 5.1 The executing agency for this project will be the Instituto Nacional de Cultura (INAC), acting through the Oficina del Casco Antiguo [Office for the Historic City Center] (OCA). The OCA is a Panamanian government agency established in 2000 that receives administrative support from the United Nations Development Programme (UNDP). It is managed by a technical director and a board consisting of the heads of INAC, the Panamanian Tourism Institute, the Office of the Mayor of Panama City, the Ministry of Housing, and the Office of the President. The mission of the OCA is to implement the historic city center master plan and to coordinate the government's efforts in the area.
- 5.2 Component II of the project will be executed in collaboration with two strong partners: the City of Knowledge Foundation and FUNDES Panama. In general terms, the City of Knowledge Foundation is to coordinate the process of seeking out and selecting entrepreneurs—including the competition—and will be responsible for incubating and accelerating businesses with high growth potential. FUNDES, meanwhile, will coordinate business development services for entrepreneurs and specialized technical assistance to implement business plans under the project.
- 5.3 To ensure proper project governance, two committees will be formed: a steering committee consisting of the OCA, the City of Knowledge Foundation, and FUNDES Panama, and an advisory committee consisting of public- and private-sector entities and individuals known in the cultural and/or business communities that might be helpful in project development. Members of this committee will receive no compensation for their participation. Replacing a committee member will require the Bank's prior no objection. In addition, an execution unit consisting of a project coordinator and project assistant will be set up within the OCA.
- 5.4 **Advisory Committee.** The Advisory Committee will consist of notable public- and private-sector entities and figures in the cultural and/or business communities that could be an asset in project development. Committee members will be nominated by the OCA and must be approved by the Bank. The Bank's prior no objection will be required to replace a committee member. The Advisory Committee will meet at least once every six months, mainly to: (i) review and provide feedback for the project execution plan and the semiannual work plan; (ii) evaluate progress with the components and indicators, and suggest strategic courses of action; and (iii) suggest mechanisms and partnerships to help extend the project's reach and impact.
- 5.5 **Steering Committee.** This committee will consist of the project coordinator, the director of the OCA or his designee, the general director of FUNDES Panama, and the general manager of the City of Knowledge Foundation's business accelerator. This will be the primary project governance body and will hold regular monthly meetings. Special meetings of the Steering Committee may be called as necessary by the project coordinator. Its main duties will be to: (i) select the cultural entrepreneurs who will receive entrepreneurship training to help develop their

- business ideas; (ii) approve the specific technical assistance needed for each particular enterprise; (iii) approve the project execution plan and semiannual work plan for submittal to the Bank; and (iv) monitor progress in components and indicators and establish strategic courses of action for the project.
- 5.6 **Project timetable.** The project is expected to have an execution and disbursement period of 42 months from the date on which the agreement is signed.
- 5.7 **Disbursement by results.** Project disbursements will be contingent upon accomplishment of the milestones, which will be agreed between the executing agency and the MIF. Attaining the milestones, however, does not exempt the executing agency from the responsibility of reaching a project's targets. Consistent with Project Management Based on Risk and Performance, resources will be disbursed according to Mechanism 1, i.e. an advance of funds (US\$176,287.97) will be provided to the executing agency upon signature of the agreement and fulfillment of the conditions precedent to project execution for executing the project up to Milestone 1. Subsequent disbursements will be made upon presentation of evidence that each milestone has been reached. The milestones for the first year of the project are fixed, but the remaining milestones may be adjusted jointly by the execution unit and the MIF specialist from the Country Office. The MIF specialist may also revise the disbursement amounts when revising the milestones.
- 5.8 If the executing agency completes the activities between milestones with fewer resources than budgeted, remaining disbursements will be unaffected, and the surplus may be used for the same purposes, in which case the parties may revise the plan of operations. These resources must be invested to the Bank's satisfaction in project-related activities shown to contribute to the fulfillment of project objectives in accordance with the Bank's technical cooperation policies. If the executing agency spends more resources than budgeted to meet a milestone, the difference will come from the local counterpart contribution.
- 5.9 The OCA will manage an independent budget for the program and will keep accounting records to control and manage project resources separately. The OCA will be responsible for administrative implementation of the project, selection of consultants, and making appropriate contractual and administrative decisions.
- 5.10 **Procurement.** Procurement activity will be consistent with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (GN-2349-7 as updated) and with the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-7 as updated), in accordance with the MIF guidelines of 8 August 2006 (or subsequent updates) and with the project's technical cooperation agreement and procurement plan. The OCA will use local counterpart funds to contract the UNDP for the contracting of consultants and nonconsulting services, although the OCA will be responsible for the entire selection and award process, in accordance with the aforementioned Bank policies. Procurement will be subject to ex ante review. The MIF may change the frequency of these reviews or switch to ex post review

based on review results and/or subsequent institutional risk assessments conducted by the MIF during project execution. In addition, institution-strengthening, support, and training in fiduciary matters will be provided as needed by the executing agency.

VI. MONITORING AND EVALUATION

- 6.1 **Project status reports.** The executing agency will submit project status reports (PSRs) to the MIF within 30 days following the end of each six-month period. These reports will follow a format previously agreed with the MIF, providing information on project execution, achievement of milestones and outcomes, and their contribution to meeting project objectives as indicated in the logical framework and other operational planning instruments. The PSR will also describe issues encountered during execution and outline possible solutions. Within the 90 days preceding the end of the execution period, the project execution unit will submit a final PSR to the MIF highlighting outcomes achieved, the project sustainability plan (see paragraph 6.2), and lessons learned.
- 6.2 **Financial supervision.** The executing agency will establish and assume responsibility for keeping adequate financial accounts, internal control mechanisms, and filing systems for the project, in accordance with IDB/MIF accounting and auditing rules and policies. Given that the institutional risk assessment resulted in a high-risk classification, there will be two audits of the project's financial statements—one when 50% of the resources have been disbursed, and another at the end of the execution period. The supporting documentation for disbursements will be subject to ex ante review. The modality of review and the frequency of these reviews may be modified by the MIF based on the results of past reviews and/or subsequent institutional risk assessments performed by the MIF during project execution. The IDB/MIF will engage independent auditors both to perform the audits of financial statements and to conduct the ex post review of procurement processes and the supporting documentation for disbursements in the event that the MIF decides to migrate to this modality. The cost of audits will be covered by the MIF contribution according to the Bank's procedures.
- 6.3 **Evaluations.** A midterm evaluation will be conducted when 50% of the MIF contribution has been disbursed or midway through the execution period, whichever occurs first. A final evaluation will be conducted when 90% of the MIF contribution has been disbursed, and will cover the outcomes achieved in terms of the baseline, the objectives set forth in the logical framework, and the satisfaction of the end beneficiaries. Evaluations will determine whether there have been any significant deviations in execution of activities, and may recommend corrective action and emphasize lessons learned and how to share these lessons with other programs. The Bank will be responsible for engaging consulting services for the baseline and the midterm and final evaluations.

- 6.4 Three months before the project execution period ends, a closing workshop will be held to evaluate outcomes, pinpoint additional tasks to ensure the sustainability of project-initiated actions, identify lessons learned, and assess the project's impact.

VII. BENEFICIARIES AND RISKS

- 7.1 **Benefits.** The project is expected to help set the stage for sustainable socioeconomic development in the historic center of Panama City through coordination and promotion of cultural industries. The historic city center's competitive advantage, rooted in its tangible and intangible historical assets, will form the basis for testing a business development model based on the joint identification and marketing of business opportunities in an environment in which public and private institutions are united around a set of shared objectives. This project will provide an example for many other cities in the region that have outstanding cultural and historical assets that they would like to promote to boost socioeconomic development.
- 7.2 The project will have **multiple positive impacts**, including: (i) more effective institutions in the cultural sector; (ii) stronger entrepreneurship in the cultural community; (iii) positioning of the historic city center as the focal point of the city's cultural development; (iv) a demonstration effect for other sectors, in terms of the real potential of entrepreneurship and good practices for realizing that potential; (v) transfer of know-how enabling Panama's cultural industries to flourish; (vi) promotion of innovative training methodologies in business management adapted to the cultural industries; (vii) increased capacity of the historic city center to attract domestic and international tourism; (viii) enhanced competitiveness; (ix) a foundation for forming thematic clusters within the cultural industries; (x) greater integration and a closer relationship between Panama City and its historic city center; and (xi) introduction of business sponsorship of the cultural industry in general and for the historic city center in particular.
- 7.3 **Risks.** The potential risks of this project are: (i) A critical mass of cultural enterprises to benefit from the project might not be identified. This risk is mitigated by expanding eligibility to enterprises that operate anywhere in Panama City, rather than limiting it solely to enterprises based in the historic city center. Also, a consistent promotional strategy will be pursued to attract the attention of potential entrepreneurs; (ii) Affordable space might not be available in the historic city center to house cultural initiatives. This risk will be mitigated by the activity for identifying and negotiating to secure such spaces. Moreover, the OCA has pledged to raise awareness among the public and private sectors of the importance of providing or leasing out space so that cultural enterprises can afford to set up shop in the historic city center and remain there; and, lastly, (iii) There might not be local technical capacity to provide the technical assistance that cultural enterprises need. This risk will be mitigated by hiring international experts for train-the-trainer activities.

VIII. SOCIAL AND ENVIRONMENTAL CONSIDERATIONS

- 8.1 Given its nature, the project is not expected to have any direct environmental impact. Rather, it is expected to generate highly positive social impacts, to create new job opportunities, and to improve the quality of life for Panamanians by strengthening their cultural identity and social cohesion. The Environmental and Social Impact Review Committee classified the project as a Category “C” operation (meeting ESR 37-08).

LOGICAL FRAMEWORK

DEVELOPMENT OF CULTURAL INDUSTRIES IN PANAMA CITY TO BOOST THE HISTORIC CITY CENTER (PN-M1017)

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOAL			
To help position the historic center city (<i>Casco Antiguo</i>) as a magnet and focal point for attracting and developing the cultural industries in Panama	Two years after the project ends, the cultural industry in the historic city center has grown in comparison to the baseline: <ul style="list-style-type: none"> - The number of enterprises has at least doubled. - The number of jobs has at least doubled. - The number of cultural institutions has grown by at least 50%. 	<ul style="list-style-type: none"> - Ex post evaluation¹ - Baseline - Monitoring system reports 	<ul style="list-style-type: none"> - Public-sector institutions in Panama step up their efforts to strengthen the cultural industry. - Private-sector investment in the cultural sector picks up.
PURPOSE			
To implement cultural-industry-related business initiatives in Panama City	By the end of the project: <ul style="list-style-type: none"> - 50 enterprises have been formed, at least 3 of which are considered to have high growth potential. - At least 160 new jobs have been created. - At least one university is offering a curriculum in cultural management. - 8 business partnerships have been supported, developed, and implemented. - At least 4 cultural networks have been formed and are active. - 4 flagship projects for the historic city center 	<ul style="list-style-type: none"> - Midterm and final evaluations - Final project status report - Legal records of new enterprises - Business plans of supported enterprises - Employment and payroll records - University curriculum and enrollment records - Copies of memoranda of 	<ul style="list-style-type: none"> - Environmental conditions (safety, accessibility, etc.) for economic development in the historic city center improve. - Public- and private-sector parties are motivated to participate in a coordinated manner, and on a consensus basis, in the historic city center. - Economic activity surrounding the cultural industries increases.

¹ During the project, the MIF and the executing agency will jointly consider the possibility of using funds from the MIF's Impact Evaluation Fund to conduct this evaluation.

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p>have been developed.</p> <ul style="list-style-type: none"> - A communications and marketing strategy for the historic city center's cultural industries has been developed and implemented. - The historic city center is recognized by society as a cultural hub. 	<p>understanding and/or letters of agreement for partnerships</p> <ul style="list-style-type: none"> - Reports on cultural network meetings and products - Articles in the press 	<ul style="list-style-type: none"> - International tourism continues to develop in the country.
COMPONENTS			
I. Strategy to promote the cultural industries	<p>12 months into the project:</p> <ul style="list-style-type: none"> - At least one cultural network has been formed and is active. - At least 2 businesses have become cultural industry sponsors in the historic city center. - Culture-based enterprises associated with the historic city center have a corporate image (logo and website) and a communications strategy. - A report has been prepared identifying products and services that would be potentially well received by the Panamanian public. <p>24 months into the project:</p> <ul style="list-style-type: none"> - At least 4 businesses have become cultural industry sponsors in the historic city center. - At least 2 cultural networks have been formed and are active. - The number of news items appearing in the media on cultural issues in the historic city center has doubled. 	<ul style="list-style-type: none"> - Midterm and final evaluations - Project status reports - Inspection visits - Expressions of interest from media outlets - Press, radio, and television ads - Record of website hits - Leaflet distribution list - List of participants at awareness-raising events - Cultural network action plans - Business plans of the historic city center spaces administered by the OCA 	<ul style="list-style-type: none"> - Private sector interest in developing the cultural industries grows.

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> - At least 3 best practices identified during missions to other historic city centers are implemented in Panama City's <i>Casco Antiguo</i> - Awareness is raised among 500 persons on the historic city center as a development hub for the cultural industry. - At least 20 spaces are identified in the historic city center, and their use for cultural enterprises is being negotiated. <p>By the end of the project:</p> <ul style="list-style-type: none"> - At least 6 enterprises have become cultural industry sponsors in the historic city center. - At least 4 cultural networks have been formed and are active. - The number of news items appearing in the media on cultural issues in the historic city center has tripled. - Awareness is raised among 800 persons on the historic city center as a development hub for the cultural industry. - At least 20 spaces are identified in the historic city center, and their use for cultural enterprises is being negotiated. 		

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>II. Creation and acceleration of culture-based enterprises</p>	<p>24 months into the project:</p> <ul style="list-style-type: none"> - At least 20 enterprises have been formed, of which at least one has high growth potential. - At least 80 stable jobs have been created. - At least 80 temporary jobs have been created. - An innovative methodology for training cultural entrepreneurs has been developed. - 2 flagship projects for the historic city center have been developed. <p>By the end of the project:</p> <ul style="list-style-type: none"> - At least 50 enterprises have been formed, of which at least 3 have high growth potential. - At least 200 stable jobs have been created. - At least 200 temporary jobs have been created. - Two flagship projects for the historic city center have been developed. 	<ul style="list-style-type: none"> - Midterm and final evaluations - Project status reports - Training materials - Legal records of new enterprises 	<ul style="list-style-type: none"> - Parties involved with the cultural industries in Panama remain interested in developing new enterprises or bolstering existing ones. - The continued growth of the cultural industries will further encourage entrepreneurship among creative people.
<p>III. Development and implementation of new cultural services and products through business partnerships</p>	<p>24 months into the project:</p> <ul style="list-style-type: none"> - Awareness has been raised among 75 enterprises on the opportunity to form business partnerships. - 3 business partnerships have been supported, developed, and implemented. <p>By the end of the project:</p> <ul style="list-style-type: none"> - Awareness has been raised among 130 enterprises on the opportunity to form business partnerships - 8 business partnerships have been supported, developed, and implemented. 	<ul style="list-style-type: none"> - Midterm and final evaluations - Project status reports - List of businesses aware of opportunities - Business plans for supported partnerships 	<ul style="list-style-type: none"> - Entrepreneurs are willing to take on the new challenges of forming business partnerships and investing in the cultural industries.

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
IV. Cultural management training	<p>12 months into the project:</p> <ul style="list-style-type: none"> - 120 persons have been trained in cultural management. - A cultural management curriculum has been developed for a certificate program at least. <p>24 months into the project:</p> <ul style="list-style-type: none"> - A certificate program in cultural management is being taught. 	<ul style="list-style-type: none"> - Midterm and final evaluations - Project status reports - Record of cultural management course participants - Enrollment records for cultural management certificate program 	<ul style="list-style-type: none"> - Current demand for training in cultural management continues.
V. Sustainability, promotion, and dissemination	<p>6 months into the project:</p> <ul style="list-style-type: none"> - A promotional system has been designed and is up and running. <p>12 months into the project:</p> <ul style="list-style-type: none"> - Promotional materials for cultural industries are available at strategic locations in Panama City. <p>By the end of the project:</p> <ul style="list-style-type: none"> - The project sustainability plan has been developed and implemented. - 6 case studies and 3 videos from the experience have been developed and disseminated. 	<ul style="list-style-type: none"> - Midterm and final evaluations - Project status reports - Promotional materials - Promotion system document - Sustainability plan document - Videos of stories of change - Case study documents 	<ul style="list-style-type: none"> - Public perception of the historic city center improves.

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
ACTIVITIES			
<i>COMPONENT 1. Strategy to promote cultural industries</i>			
I. 1. Project launch event	3 months into the project: - The project has been introduced to at least 200 cultural institutions and enterprises.	- Project status reports - Attendance record	
I.2. Design of the OCA's cultural-intervention strategy	6 months into the project: - The OCA's cultural-intervention strategy has been developed.	- Project status reports - Final consultant's report	
I.3. Transfer of know-how on best practices for renewal of historic city centers through cultural industries	6 months into the project: - At least two cities with positive experience in developing historic city centers through cultural industries have been visited.	- Semiannual reports by the executing agency - Documentation of visit	
I.4. Establishment and organization of coordination networks among public- and private-sector entities and agents for developing cultural industries.	12 months into the project: - At least 2 networks have been formed and are active. 24 months into the project: - At least 3 networks have been formed and are active.	- Inspection visit reports - Project status reports	
I.5. Creation of a corporate image for the historic city center (brand, logo, website)	12 months into the project: - The corporate image has been designed, implemented, and publicized - The website has been designed - The branding manual has been designed	- Inspection visit reports - Project status reports - Record of website hits	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
I.6. Development and implementation of a project communication policy for integrating the historic city center into the city as a magnet for cultural industries	<p>12 months into the project:</p> <ul style="list-style-type: none"> - The communication policy has been designed. <p>15 months into the project:</p> <ul style="list-style-type: none"> - The communications plan is being implemented. 	<ul style="list-style-type: none"> - Inspection visit reports - Project status reports - Final consultant's report 	
I.7. Survey of demand for cultural products and services in the city	<p>6 months into the project:</p> <ul style="list-style-type: none"> - The survey and the plan for implementing the survey have been designed. <p>12 months into the project:</p> <ul style="list-style-type: none"> - 5,000 Panama City residents have been surveyed. 	<ul style="list-style-type: none"> - Inspection visit reports - Project status reports - Survey results posted on the website 	
I.8. Identification and negotiation to secure space for cultural enterprises in the historic city center	<p>12 months into the project:</p> <ul style="list-style-type: none"> - 5 spaces have been secured to house cultural enterprises. <p>24 months into the project:</p> <ul style="list-style-type: none"> - 15 spaces have been secured to house cultural enterprises. <p>By the end of the project:</p> <ul style="list-style-type: none"> - 30 spaces have been secured to house cultural enterprises. 	<ul style="list-style-type: none"> - Inspection visit reports - Project status reports 	
I.9. Raising awareness about integrating the historic city center into the city	<p>12 months into the project:</p> <ul style="list-style-type: none"> - 1 event has been held. <p>24 months into the project:</p> <ul style="list-style-type: none"> - 2 events have been held. <p>By the end of the project:</p> <ul style="list-style-type: none"> - 3 events have been held. 	<ul style="list-style-type: none"> - Inspection visit reports - Project status reports - Record of participants 	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
COMPONENT II. Creation and acceleration of culture-based enterprises			
II.1 Call for proposals, competition, and selection of potential cultural entrepreneurs	<p>6 months into the project:</p> <ul style="list-style-type: none"> - The terms and conditions for the call for proposals and the competition have been developed. - The selection process has been designed. <p>12 months into the project:</p> <ul style="list-style-type: none"> - The first round of the competition has been launched. - At least 2 sponsors have been recruited for the awards. - 60 entrepreneurs have submitted ideas. - 32 entrepreneurs have been selected. <p>24 months into the project:</p> <ul style="list-style-type: none"> - The second round of the competition has been launched. - At least 4 sponsors have been recruited for the awards. - 140 entrepreneurs have submitted ideas. - 82 entrepreneurs have been selected. <p>24 months into the project:</p> <ul style="list-style-type: none"> - The third round of the competition has been launched. - At least 6 sponsors have been recruited for the awards. - 250 entrepreneurs have submitted ideas. - 150 entrepreneurs have been selected. 	<ul style="list-style-type: none"> - Inspection visit reports - Project status reports - Final consultant's report - Submitted business proposals - Competition terms and conditions - Competition records - Competition advertising documents 	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
II.2 Workshops to develop cultural industry business ideas	<p>6 months into the project:</p> <ul style="list-style-type: none"> - The workshop methodology has been designed. <p>12 months into the project:</p> <ul style="list-style-type: none"> - At least 3 workshops have been held. - 12 entrepreneurs have been trained in how to develop their business ideas. <p>24 months into the project:</p> <ul style="list-style-type: none"> - At least 6 workshops have been held. - 29 entrepreneurs have been trained in how to develop their business ideas. <p>24 months into the project:</p> <ul style="list-style-type: none"> - At least 9 workshops have been held. - 49 entrepreneurs have been trained in how to develop their business ideas. 	<ul style="list-style-type: none"> - Inspection visit reports - Project status reports - Final consultant's report - Workshop participant lists 	
II.3. Design of training methodology: classification by sector, level of education, and growth potential of the enterprise (includes development of training materials)	<p>12 months into the project:</p> <ul style="list-style-type: none"> - The training methodology has been developed, by subsector. - Training materials have been developed and printed. 	<ul style="list-style-type: none"> - Inspection visit reports - Project status reports - Final consultant's report - Training materials 	
II.4. Training of trainers in business acceleration	<p>12 months into the project:</p> <ul style="list-style-type: none"> - At least 5 professionals have been trained as trainers for business plans. <p>24 months into the project:</p> <ul style="list-style-type: none"> - At least 7 professionals have been trained as trainers for business plans. 	<ul style="list-style-type: none"> - Inspection visit reports - Project status reports - List of trained professionals - Evaluations of feedback from trainers on the training course content 	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	By the end of the project: - At least 10 professionals have been trained as trainers for business plans.		
II.5. Implementation of business development training for selected entrepreneurs using the developed methodology—includes business plan design and follow-up during the first few months after the enterprise is launched	12 months into the project: - At least 18 entrepreneurs have prepared a business plan and received training in business development and assistance. 24 months into the project: - At least 48 entrepreneurs have prepared a business plan and received training in business development and assistance. By the end of the project: - At least 90 entrepreneurs have prepared a business plan and received training in business development and assistance.	- Inspection visit report - Project status reports - Final consultant's report - Business plans - Evaluations of feedback from entrepreneurs on the training course content	
II.6. Technical assistance for implementing business plans	12 months into the project: - At least 8 entrepreneurs have received technical assistance to strengthen their respective businesses. 24 months into the project: - At least 28 entrepreneurs have received technical assistance to strengthen their respective businesses. By the end of the project: - At least 50 entrepreneurs have received technical assistance to strengthen their respective businesses.	- Inspection visit report - Project status reports - Supporting consultants' final reports	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
II.7. Development of flagship cultural entrepreneurship projects for promoting the historic city center	<p>12 months into the project:</p> <ul style="list-style-type: none"> - 2 flagship cultural entrepreneurship projects are being developed. <p>24 months into the project:</p> <ul style="list-style-type: none"> - 2 flagship cultural entrepreneurship projects have been developed. - 4 flagship cultural entrepreneurship projects are being developed. <p>By the end of the project:</p> <ul style="list-style-type: none"> - 4 flagship cultural entrepreneurship projects have been developed. 	<ul style="list-style-type: none"> - Inspection visit report - Project status reports - Supporting consultants' final reports 	
<i>COMPONENT III. Development and implementation of new cultural services and products through business partnerships</i>			
III.1. Identification and promotion of opportunities for partnerships among cultural enterprises in the historic city center, and between them and businesses in the rest of the city and the world	<p>18 months into the project:</p> <ul style="list-style-type: none"> - Consultant has identified opportunities. <p>24 months into the project:</p> <ul style="list-style-type: none"> - 2 workshops have been held to promote partnership opportunities. <p>By the end of the project:</p> <ul style="list-style-type: none"> - 5 workshops have been held to promote partnership opportunities. 	<ul style="list-style-type: none"> - Inspection visit report - Project status reports - List of workshop attendees - Final consultant's report 	
III.2. Development of the partnerships' business strategy and technical assistance for strategy implementation (business plans, marketing, etc.)	<p>24 months into the project:</p> <ul style="list-style-type: none"> - At least 13 enterprises have received training and technical assistance for building business partnerships. <p>By the end of the project:</p> <ul style="list-style-type: none"> - At least 25 enterprises have received training and technical assistance for building business partnerships. 	<ul style="list-style-type: none"> - Inspection visit report - Project status reports - Supporting consultants' final reports 	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<i>COMPONENT IV. Cultural management training</i>			
IV.1. Support for development of a new curriculum	12 months into the project: - A university cultural management curriculum has been developed.	- Inspection visit report - Project status reports - Final consultant's report - Cultural management curriculum document	
IV.2. Cultural management course	12 months into the project: - 4 cultural management courses have been taught.	- Inspection visit report - Project status reports - Course participant lists	
<i>COMPONENT V. Sustainability, promotion, and dissemination</i>			
V.1. Development and implementation of a project-sustainability plan	28 months into the project: - The sustainability plan has been developed. By the end of the project: - The sustainability plan has been implemented.	- Inspection visit report - Project status reports - Final consultant's report - Sustainability plan	
V.2. Compilation of successful case studies with a demonstration effect and a study of best practices developed by the project	By the end of the project: - 3 case studies of successful project-supported businesses have been put together to provide a demonstration effect. - 1 study of best practices developed by the project has been prepared.	- Inspection visit report - Project status reports - Case study documents - Best practices document	
V.3. Videos of stories of change	By the end of the project: - 3 demonstrative stories-of-change videos have been developed.	- Inspection visit report - Project status reports - Record of hits on video web page	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
V.4. Promotion and dissemination of cultural activity in the historic city center	<p>6 months into the project:</p> <ul style="list-style-type: none"> - The promotion system has been designed and is being implemented. - Promotional materials for cultural industries are available at strategic locations in Panama City. 	<ul style="list-style-type: none"> - Inspection visit report - Project status reports - Final consultant's report - Promotional materials 	

ITEMIZED BUDGET

DEVELOPMENT OF CULTURAL INDUSTRIES IN PANAMA CITY TO BOOST THE HISTORIC CITY CENTER

(PN-M1017)

CATEGORY	MIF	LOCAL	TOTAL
I. Strategy to promote cultural industries	\$132,080	\$226,080	\$358,160
I.1. Project launch event	\$5,000	\$5,000	\$10,000
I.2. Design of the OCA's cultural-intervention strategy		\$26,500	\$26,500
I.3. Transfer of know-how on best practices for renewal of historic city centers through cultural industries		\$10,500	\$10,500
I.4. Establishment and organization of coordination networks among public- and private-sector entities and agents for developing cultural industries	\$15,000	\$26,000	\$41,000
I.5. Creation of a corporate image for the historic city center's cultural industries	\$27,000	\$60,000	\$87,000
I.6. Development and implementation of a project communication policy for integrating the historic city center into the city as magnet for cultural industries	\$30,000	\$50,000	\$80,000
I.7. Survey of demand for cultural products and services in the city	\$5,000	\$23,000	\$28,000
I.8. Identification and negotiation to secure spaces in the historic city center for cultural enterprises	\$10,080	\$10,080	\$20,160
I.9. Raising awareness about integrating the historic city center into the city	\$40,000	\$15,000	\$55,000
II. Creation and acceleration of culture-based enterprises	\$586,125	\$184,500	\$770,625
II.1. Request for proposals, competition, and selection of potential cultural entrepreneurs	\$36,000	\$86,000	\$122,000
II.2. Workshops for developing business ideas	\$20,125	\$9,500	\$29,625
II.3. Design of training methodology: classification by sector, level of education, and potential growth of the enterprise (includes development of training materials)	\$38,500	\$30,000	\$68,500
II.4. Training of trainers in business incubation		\$5,000	\$5,000
II.5. Implementation of business development training for selected entrepreneurs using the developed methodology (includes business plan design and follow-up during the first few months after the enterprise is launched)	\$76,500	\$54,000	\$130,500
II.6. Technical assistance for implementing business plans	\$315,000		\$315,000
III.7. Development of flagship cultural entrepreneurship projects for promoting the historic city center	\$100,000		\$100,000
III. Development and implementation of new cultural services and products through business partnerships	\$90,000	\$15,000	\$105,000
III.1. Identification and promotion of business partnerships among cultural enterprises in the historic city center, and between them and businesses in the rest of the city and the world	\$42,000	\$15,000	\$57,000
III.2. Development of the partnerships' business strategy and technical assistance for strategy implementation (business plans, marketing, etc.)	\$48,000		\$48,000
IV. Cultural management training	\$42,000	\$20,000	\$62,000
IV.1. Support for the development of a new curriculum in cultural management	\$10,000		\$10,000
IV.2. Cultural management course	\$32,000	\$20,000	\$52,000
V. Sustainability, promotion, and dissemination	\$186,500	\$85,725	\$272,225
V.1. Development and implementation of a project-sustainability plan	\$38,500	\$5,000	\$43,500
V.2. Development and dissemination of successful case studies having a demonstration effect and a study of best practices developed by the project	\$10,000	\$15,000	\$25,000
V.3. Videos of stories of change	\$18,000	\$8,000	\$26,000
V.4. Promotion and dissemination of cultural activity in the historic city center	\$120,000	\$57,725	\$177,725
Administration, audits, and contingencies	\$247,840	\$92,695	\$340,535
Project coordinator	\$50,400	\$50,400	\$100,800
Accounting/administrative assistant	\$63,000		\$63,000
Financial and procurement audits	\$23,000		\$23,000
Institution-strengthening	\$25,000		\$25,000
UNDP administration (3.5%)		\$4,495	\$4,495
Communications and other office expenses		\$21,000	\$21,000
Office space and supplies		\$16,800	\$16,800
Baseline, midterm, and final evaluations	\$36,000		\$36,000
Contingencies	\$50,440		\$50,440
SUBTOTAL	\$1,284,545	\$624,000	\$1,908,545
Impact Evaluation Fund	\$6,455		\$6,455
TOTAL	\$1,291,000	\$628,200	\$1,915,000
	67%	33%	