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PROJECT APPRAISAL REPORT (PAR)

1. PROJECT NO. 525-15-910-069	2. PAR FOR PERIOD: 6/70 TO 11/71	3. COUNTRY PANAMA	4. PAR SERIAL NO. 72-1
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PRIVATE ENTERPRISE DEVELOPMENT

6. PROJECT DURATION: Began FY 63 Ends FY 73	7. DATE LATEST PROP 1/4/71	8. DATE LATEST PIP None	9. DATE PRIOR PAR None
10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$1,532	b. Current FY Estimated Budget: \$490	c. Estimated Budget to completion After Current FY: \$86

11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
Auburn University	AID/LA-684
University of California, Davis	Being negotiated
Puerto Rico Development Group	AID 525-165T

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	HOST		
			None	

D. REPLANNING REQUIRES REVISED OR NEW: <input type="checkbox"/> PROP <input type="checkbox"/> PIP <input type="checkbox"/> PRO AG <input type="checkbox"/> PIO/T <input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P	E. DATE OF MISSION REVIEW 10/6/71
PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE George B. Lindahl, Jr. 11/5/71	MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE Alexander Firfer

PRIVATE ENTERPRISE DEVELOPMENT

525-15-910-069

II.

4. Participant Training

Aquaculture Activity (cont'd.): pond construction/operation are scheduled for a 13-week practical training course during January-March 1972.

Processed Food Quality Control Lab, Univ. of Panama: laboratory methodology. Training scheduled for January-March 1972. University of California, Davis is preparing appropriate programs in three major fields at various well-recognized commercially-oriented laboratories. Participants will be ready to assume increased laboratory responsibilities as of April 1972.

5. Commodities

Processed Food Quality Control Lab, Univ. of Panama: Preparation of commodity lists are on schedule in accordance with the timing requirements of the project.

N. 7. Continued: Comment on key factors determining rating of Other Donors

Part of this project involves the use of facilities, personnel and equipment of the Ministry's food technology laboratory located at Divisa, Panama. The International Labor Organization has supplied equipment to this laboratory, as has the British Government, and the United Nations' development program has contributed to the provision of some technical assistance.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMULATIVE PRIOR FY	CURRENT FY		FY _____	FY _____	
			TO DATE	TO END			
N.A.	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
N.A.	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
N.A.	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS		COMMENT: The selection of the contractor by a joint GOP/USAID committee has been completed. A contract with the successful bidder is being negotiated during 11/71. It is planned that the Center staff will have been selected, partially trained, and will be providing some services by 6/72, and will have been fully trained and will be providing a full range of services by 6/73.					
1. An Industrial Investment Research and Promotion Center in the Ministry of Commerce and Industry (MCI).							
2. A food technology laboratory within MCI.		COMMENT: A University of California/Davis team (Food Processing Specialist and Food Processing Equipment Specialist) provided technical assistance during 11/71 to the food technology laboratory at Divisa in research methods. Special freezing equipment for this research was loaned to the project by the University of California.					
3. A processed food quality control laboratory in the University of Panama.		COMMENT: An expert from the University of California /Davis is scheduled to arrive in November 1971 to work for one week with the University of Panama Food Quality Control Laboratory in upgrading its services.					

PAR CONTINUATION SHEET

This sheet is to be used for any Narrative Sections for which sufficient space has not been provided on the form. Identify each narrative by its Part and Section Designation.

III. Key-Output Indicators and Targets (continued)B. Qualitative Indicators for Major Outputs (continued)

4. A Fish and Shrimp Culture Research Station at University of Panama.
Comments: Proposed station site has been selected; topographical maps for pond areas were completed in October 1971; plans for station layout and construction (to be undertaken by the National Guard) will be ready by Dec/71-Jan/72.
5. A fish extension service and hatchery (Department of Fisheries - MCI)
Comments: Final site selection was arranged in October 1971; topographical maps will be completed by November 1971; and station layout plans will be ready by January 1972.

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IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged.

2. Same as in PROP? YES NO

To assist the GOP in establishing a more favorable institutional framework and climate for encouraging increased private investment into non-traditional exports and agri-businesses that will develop Panama's resource base, tourism, and other service industries for which Panama has a recognized geographic advantage.

b. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
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- a. An institution capable of inducing domestic and foreign investment in export industries and agri-businesses.
- b. Research data on at least two non-traditional, processed foods, produced by the technology laboratory and available for commercial implementation.
- c. A food quality control laboratory recognized and utilized by the private sector for virtually all processed food products, including exports.
- d. Replicate breeding trials for fish species adaptable to Panama's environment will have begun at the Univ. of Panama research station.
- e. Extension service demonstration ponds will have begun training field agents, local farmers and commercial interests raising Tilapia.

See comments under 3B above.

V. PROGRAMMING GOAL

A. Statement of Programming Goal

To help Panama promote private investment and industrial development in order to stimulate economic growth and increased employment.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

The rate of increase in new industrial investment is lagging behind the national growth rate. Increased new industrial investment is hard to achieve because the local private sector is historically oriented towards traditional exports and import substitution. Panama is losing many opportunities which could be channeled into tangible investments. Achievement of this project's purpose will make a significant contribution towards promoting industrial development, by making local institutions more responsive to the needs and requirements of potential investors. Local investment promotion and service

(continued)

PAR CONTINUATION SHEET

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V. Programming Goal

- B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? CITE evidence (Continued)

Institutions will work in close association with the Panama Government Investment Center in New York City which is being funded by the GOP at the rate of \$200,000 annually. Institutionalizing a systematic approach to potential investors will augment Panama's ability to capitalize on its already favorable investment location.

APPROVED
AAI

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 63 to FY 73
Total U.S. Funding 27,803
Date Prepared: 11/5/71

INSTRUCTION: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.

AID 1020-03(7-71)
SUPPLEMENT 1

Project Title & Number: PRIVATE ENTERPRISE DEVELOPMENT 525-15-910-059

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>To help Panama promote private investment and industrial development in order to stimulate economic growth and increased employment.</p>	<p>Measures of Goal Achievement:</p> <p>Achievement of this project purpose will make a significant contribution towards promoting industrial development by creating and strengthening institutions which will be more responsive to the needs and requirements of potential investors in non-traditional areas.</p>	<p>A. <u>Statistical Measures:</u></p> <p>1. Value of industrial production providing the following breakdowns:</p> <p><u>Non-Durable Manufactures</u></p> <p>(a) Food, Beverages & Tobacco (b) Apparel & Leather Products (c) Paper & Paper Products (d) Chemicals & Rubber (e) Other manufactures</p> <p><u>Durable Manufactures</u></p> <p>(a) Primary and fabricated metals (b) Clay, glass and lumber (c) Furnitures and fixtures</p> <p>Reported quarterly by Estadística y Censos</p> <p>2. Imports of capital goods (reported quarterly by E.S.C.)</p> <p>3. Bank loans to the industrial sector</p> <p>4. Consumption of electricity by the industrial sector</p> <p>B. <u>Project Activity</u></p> <p>1. Number and amount invested in on-going projects; and information on projects under serious consideration as reported by the Private Enterprise Division of USAID.</p> <p>2. Investment climate as reported by USAID's Private Enterprise Division and the Embassy Economic Section.</p>	<p>Assumptions for achieving goal targets:</p> <p>Attainment of the program goal envisaged by the Mission assumes that there is room for growth in the economy of Panama, and in order to advance that growth, the GOP will continue to maintain law and order, and to give a high priority to the development of manufacturing industry, and that it will continue to pursue policies and actively promote institutions acclimated to this accelerated industrial development. Further assumptions are that the GOP will recognize the variable seasonal or fluctuating quantitative and qualitative employment requirement of industry in the promulgation of new labor and investment laws. Pertinent to this developmental progress are the GOP's attitude toward, and availability of such essential factors as skilled labor, and low-cost ample supplies of power, water and transportation. Equally important is the assumption that the GOP will continue to recognize the geometrically increasing value to the national economy of the impact of accelerating private sector investment in industrial development and expansion in such broadly interdependent fields as agriculture, tourism, housing, construction, banking, etc. This project assumes that new investment will continue to be welcomed and encouraged by the GOP as a valuable asset in the expanded socio-economic growth of Panama and</p> <p>(Continued)</p>

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

(INSTRUCTION: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.)

Life of Project:
From FY 63 to FY 73
Total U.S. Funding \$2,608
Date Prepared: 11/5/71

Project Title & Number: PRIVATE ENTERPRISE DEVELOPMENT 525-15-910-069

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p>	<p>Measures of Goal Achievement:</p>		<p>Assumptions for achieving goal targets: (continued)</p> <p>that these industries, when successfully implemented, will continue to be managed, operated, and owned by the implementing corporate entity.</p> <p>Further, the project assumes that GOP will create an investment environment dynamically oriented toward maximizing the utilization of its unique geographic position for the expanded export of its processed and manufactured products into international markets.</p>

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 63 to FY 73
Total U. S. Funding \$2,608
Date Prepared: 1/75/71

Project Title & Number: PRIVATE ENTERPRISE DEVELOPMENT 525-15-910-069

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Purpose:</p> <p>To assist the GOP in establishing a more favorable institutional framework and climate for encouraging increased private investment into non-traditional exports and agri-businesses that will develop Panama's resource base, tourism, and other service industries for which Panama has a recognized geographic advantage.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <ol style="list-style-type: none"> 1. <u>Industrial Investment Research and Promotion Center</u> - will be capable of inducing domestic and foreign investment in export industries and agri-business by acting as the information/coordination center and implementation agent for potential investors. 2. <u>Food Processing Technology Laboratory - Divisa:</u> Information on modern commercial processing systems for at least two non-traditionally processed export food products - such as papaya and plantain - researched through the laboratory will be ready for private investors. Research will include preparation for processing, handling, freezing, storing and suggested preparation for shipping under frozen conditions. 3. <u>Quality Food Control Laboratory - University of Panama:</u> Laboratory will be recognized and utilized by the private sector for virtually all processed food products, including exports. 4a. <u>Aquaculture/University of Panama:</u> Replicate breeding trials on fish/shrimp species adaptable to fresh-water Panamanian environment will have begun. 	<ol style="list-style-type: none"> 1. New York Investment Center/USAID Contracting Team. 2. Direct observation. 3. Laboratory testing statistics. 4a. Direct observation. 	<p>Assumptions for achieving purpose:</p> <ol style="list-style-type: none"> 3. U. S. attitude toward importation of supplementary/complementary items remains favorable.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 63 to FY 73
Total U.S. Funding \$2,608
Date Prepared: 1/75/71

Project Title & Number: PRIVATE ENTERPRISE DEVELOPMENT 525-15-910-069

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Purpose:</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <p>4b. <u>Aquaculture/Extension Service-Demonstration:</u> Demonstration of fingerling reproduction ponds will have begun and distribution of fingerlings to local farmers and commercial interests will have started.</p> <p>5. A market for the underwriting and sale of negotiable corporate instruments will have been established.</p>	<p>4b. Direct observation.</p> <p>5. Report from Investment Club representative.</p>	<p>Assumptions for achieving purpose:</p>

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: PRIVATE ENTERPRISE DEVELOPMENT 525-15-910-069

Life of Project:
From FY 63 to FY 73
Total U.S. Funding \$2,608
Date Prepared: 1/5/71

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Outputs:</p> <ul style="list-style-type: none"> 1. An Industrial Investment Research and Promotion Center in the Ministry of Commerce and Industry. 2. A food technology laboratory within the Ministry of Commerce and Industry/Divisa. 3. A processed food quality control laboratory in the University of Panama. 	<p>Magnitude of Outputs:</p> <ul style="list-style-type: none"> 1. Staff in place, trained and functioning (partially operational by 6/72; full by 6/73). 2. By 6/72 the laboratory will have begun extensive research on the commercial aspects of two non-traditional, processed export-oriented food products. 3. By 6/72 staff trained and in place; major equipment and facilities in place and functioning. 	<ul style="list-style-type: none"> 1. Official organizational list and Ministry's budget. 2. Monthly project reports of laboratory. 3. Official organizational list and budget. 	<p>Assumptions for achieving outputs:</p> <ul style="list-style-type: none"> 1. N/A. 2. The food technology lab at Divisa will give priority to the development of non-traditionally processed foods, primarily for export, rather than those of traditional variety. 3a. Government of Panama will enact a law governing processed food labeling. 3b. The size of the facilities and technical staff of the food quality control laboratories will expand in relation with Panama's agricultural processing industry needs by MCI and the University of Panama, respectively.
<ul style="list-style-type: none"> 4a. A fish and shrimp culture research station and hatchery (University of Panama). 4b. A fish extension service and hatchery (Dept. of Fisheries, MCI). 	<ul style="list-style-type: none"> 4a/b. By 6/72 initial pond construction will be well underway. 4a/b. By 6/72 initial ponds will be stocked and in use. 	<ul style="list-style-type: none"> 4a. Direct observation; University of Panama budget. 4b. (1) Direct observation; MCI budget. (2) Direct observation; Dept. of Fisheries' reports. 	<ul style="list-style-type: none"> 4a/b. GOP will supply sufficient equipment within the time frame requirements for project implementation
<ul style="list-style-type: none"> 4c. An aquaculture curriculum in the University of Panama. 	<ul style="list-style-type: none"> 4c. Aquaculture courses will be offered by 4/74. 	<ul style="list-style-type: none"> 4c. University's curriculum schedule. 	

**PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK**

Project Title & Number: PRIVATE ENTERPRISE DEVELOPMENT 525-15-910-069

Life of Project:
From FY 63 to FY 73
Total U. S. Funding \$2,608
Date Prepared: 11/5/71

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Outputs:</p> <ul style="list-style-type: none"> Established Investment Clubs to help expand the sales base for Panamanian business stock issues. MCI personnel trained in the promotion of specific investment opportunities. 	<p>Magnitude of Outputs:</p> <ul style="list-style-type: none"> 5. A minimum of ten investment clubs will begin a systematized investment procedure by 1/73. 6. At least five men will have been trained on the job by 7/72. 	<ul style="list-style-type: none"> 5. Analysis of investment club portfolio. 6. A published report of investment opportunities by MCI. 	<p>Assumptions for achieving outputs:</p>

**PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK**

AID 1020-28 (7-71)
SUPPLEMENT 1

Life of Project:
From FY 63 to FY 73
Total U.S. Funding \$2,608
Date Prepared: 1/75/77

Project Title & Number: PRIVATE ENTERPRISE DEVELOPMENT 525-15-910-069

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NARRATIVE SUMMARY		IMPORTANT ASSUMPTIONS	
<u>Inputs:</u> <u>FY-72</u>	<u>AID FY-72</u>	<u>GOP INPUTS</u>	<u>Assumptions for providing inputs:</u>
<u>U.S. Direct Hire:</u> Two private enter- prise advisors \$ 80,000 <u>Contract:</u> One long- term fisheries advi- sor and 3 mm short- term fisheries advi- sors; four long-term industrial research and promotion advisors plus 3 mm short-term advisors on investment promotion, investment clubs and management training \$369,000 <u>Participants:</u> Five short-term to U.S. and 3rd. country \$ 31,000 <u>Other Costs:</u> One local hire secretary, local/international travel \$ 10,000	<u>\$490,000</u>	1. \$60,000/year for two years as a share of the contract cost for developing an investment research and promotion depart- ment within the Ministry of Commerce and Industry. 2. Provide both professional and non-professional personnel from appropriate GOP Ministries and agencies, and the Univer- sity of Panama, as required by each activity, including various GOP Ministry and agency offi- cials, University professorial and technical staff members, and Guardia Nacional technicians (for the major aquaculture fish pond and reservoir construction in Veraguas Province). 3. Provide physical facilities as required by the various activi- ties including: a. Veraguas Province, 75 hec- tares of land. b. University of Panama, 20 hectares of land. c. Existing food processing laboratory building and equipment in Divisa. d. Existing food technology laboratory building and equipment in the University of Panama (and new facili- ties when constructed).	
<u>FY-73</u> <u>U.S. direct hire:</u> Two private enter- prise advisors \$ 80,000 <u>Other Costs:</u> One local hire secretary; local/ international travel \$ 6,000	<u>\$ 86,000</u>		

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

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Project Title & Number: PRIVATE ENTERPRISE DEVELOPMENT 525-15-910-069

NARRATIVE SUMMARY		IMPORTANT ASSUMPTIONS
<p>Inputs:</p>	<p>e. Office space in the various GOP Ministries and agencies as required by each activity, including a four-man permanent staff for the investment research and promotion center</p> <p><u>Other Donors:</u></p> <p><u>Personnel</u> <u>Food Technology Lab, Divisa:</u> UNDP/ILO/SENAPI will provide one long-term food processing technologist.</p> <p><u>Equipment</u> <u>Food Technology Lab, Divisa:</u> A Blast freezer from the British Government and various lab equipment from the International Labor Organization/United Nations Development Program.</p>	<p>Assumptions for providing inputs:</p>