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Project Activity 59
No. 525-24-660-116

LA-CAEC-P-67/67
March 24, 1967

PDAAB-14-C1

MEMORANDUM FOR THE CAPITAL ASSISTANCE EXECUTIVE COMMITTEE

SUBJECT: Intensive Review Request (IRR)

PROJECT TITLE: New Campus University of Santa Maria
la Antigua

BORROWER: University of Santa Maria la Antigua
(a private non-profit incorporated educational
institution).

GUARANTOR: GOP

TOTAL COST OF PROJECT: \$4.4 million

AMOUNT OF AID LOAN REQUESTED: \$1.5 million

TERMS OF LOAN: To be determined during Intensive Review

TOTAL FUNDING BREAKDOWN (\$ millions):

	(US \$ costs)	(local costs)	TOTAL	%
Aid Loan	0.9	0.6	1.5	34
Borrower	-	2.5	2.5	56
GOP	-	0.2	0.2	5
Catholic Church	-	0.2	0.2	5
	<u>0.9</u>	<u>3.5</u>	<u>4.4</u>	<u>100</u>

REPROD COPY

1) DESCRIPTION OF PROJECT

The proposed AID loan of \$1.5 million will assist in financing of a new campus of the Borrower located on the outskirts of Panama City. The 65 acre, \$400,000 site has been donated to the Borrower, half-and-half by the GOP and the Catholic Diocese of Panama. The proposed loan will be to an educational institution designed to provide broad-based education for a wide segment of the Panamanian population and, as stated in its charter, will admit academically-qualified students without discrimination as to sex, race, religion, or social position.

The University of Santa Maria la Antigua opened in 1965 in a building in downtown Panama City lent to it by the Archbishop of the Catholic Diocese of Panama. The enrollment has been more than doubled in two years, and even by using the same plant from 7:00 in the morning until 10:00 at night, the present plant cannot be further used to meet the expanding enrollment demands.

TABLE 1, enrollment projection

(year)	(full-time)	(part-time)	(TOTAL)
1965	152	48	200
1966	190	60	250
1967	365	70	435
1970	600	175	775
1975	775	345	1120
1985	2000	500	2500

The decision was made by the University that there was a need for enlargement (see below), (4) PRIORITY), and since the present plant could not be expanded, the University has had to search for means to obtain a new campus.

On 1/31/67 agreements were signed by the Borrower and USAID (PRO AG) and (PIO/T) which provide that a team of higher education specialists will be contracted through a U.S. University to provide academic, administrative, organizational, curricular structure, and related technical assistance advice.

2) FINANCIAL PLAN

The Borrower has contracted with the experienced and successful U.S. fund-raising firm of J. G. Moran Company of New York to assist in preparing and implementing a long-range contribution program, currently estimated to reach a total of \$5 million within six years. As of 3/1/67, \$1.4 million had been collected

or pledged, or 48% of the \$2.9 million needed by the Borrower for its share of the funds needed for the loan project. See Table II below. AID's disbursements will be tied to percentage of pledges collected.

TABLE II, dollar values of Fund Drive as of 3/1/67

Cash gifts received	\$153,000
Cash gifts pledged	465,000
Land gifts received	400,000
Services received	5,000
Services pledged	70,000
Materials received	20,000
Materials pledged	300,000
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TOTAL	<u>\$1,413,000</u>

The Borrower has programmed the receiving of pledges (both for cash and materials) to be assured of a steady pledge input to coincide with the demands of the project.

TABLE III, total project spending breakdown (dollars)

(type)	(AID portion)	(Borrower portion)	TOTAL
land	-	400,000	400,000
site preparation	-	375,000	375,000
engineering	125,000	-	125,000
construction	750,000	2,000,000	2,750,000
equipment	625,000	125,000	750,000
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	<u>1,500,000</u>	<u>2,900,000</u>	<u>4,400,000</u>

TABLE IV, AID spending breakdown (dollars)

(type)	(US \$ costs)	(local costs)
engineering	125,000	-
construction	150,000	600,000
equipment	625,000	-
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	<u>900,000</u>	<u>600,000</u>

3) ABILITY TO MEET SECTION 611

The Borrower has employed a Panamanian architect, Guillermo Andreve, to prepare a site plan, to make preliminary cost estimates for buildings and equipment, and to make drawings of the principal buildings. These are advanced. The US/Panamanian firm of Rader-Andreve S. A., will be used to complete the final work. The GOP is expected to guarantee the AID portion of the project. A bill to permit this action has been passed by the National Assembly and is expected to be signed by May 1, 1967.

4) PRIORITY OF PROJECT

The University of Santa Maria la Antigua was founded primarily for the purpose of providing quality training to a growing number of young men and women who are critically needed to carry on essential services in support of Panama's social and economic programs. The expanding economy is generating many more new jobs requiring a higher degree of training (both in terms of quantity and quality) than the country is able to meet. Projections made by the GOP Human Resources Agency indicate that only three fifths of the high-level manpower requirements of the country between now and the early seventies will be met. These figures include all Panamanian university students, both at home and abroad.

USAID strongly endorses the proposed loan project. The Borrower has already secured the active financial support of the Government, the Diocese of Panama, and the business community. It believes that assistance to the Borrower will make a substantial contribution to the Republic of Panama by providing added resources for professional higher education, and by providing an alternative to the University of Panama, the only other existing four-year university in the country.

5) ISSUES

1. Borrower will be assisted by U.S. team of higher education experts. The team will provide "know-how" not available in the country. The contractor is grant financed.

6) STATUS OF TECHNICAL MATERIAL (feasibility) REPORT

A plot-plan, initial drawings, and equipment estimates have been made by a Panamanian architect who is working closely with USAID/ENG. The Borrower has submitted a proposed fund-raising plan, the current status shown above. There should be no problem meeting the requirements of Section 611.

- 7) THE INTENSIVE REVIEW would be carried out by USAID/Panama. It is believed that an Intensive Review could be completed in approximately ninety days. The following would be designated to develop the Capital Assistance Paper for the proposed loan.

Loan Officer	Jared Wood	USAID
Human Resources Officer	Pedro Sanchez	USAID
Engineering Officer	William Gardner	USAID
Counsel	Joseph Grimes	RLA/ROCAP
Higher Education Specialist	---	AID/W
Desk Officer	Alexander Lipsman	AID/W

Drafted: JWood/CDO, PSanchez/HRD
rg: 3/14/67