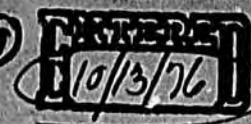


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LOAN COMPLETION REVIEW AND REPORT

Loan Number : 525-L-031

Title : Santa Maria la Antigua University

Borrower : Santa Maria la Antigua University (USMA)

Executing Agency : USMA

Amount : \$1.0 million

Loan Terms : Repayable in 30 years (including a 5 year grace period at an interest rate of 2% per annum) at 3% per annum thereafter.

Loan Agreement Date : May 23, 1969

Terminal Commitment Date : December 31, 1975

Terminal Disbursement Date : June 30, 1976

I. BACKGROUND

The National Assembly of Panama in July 1963, authorized the establishment of private universities. In March 1965, the University of Santa Maria la Antigua (USMA) was founded under the aegis of the Roman Catholic Church in Panama, as a private, non-denominational university.

USMA located itself in quarters of the Archdiocese near the Presidential Palace in the heart of the older section of Panama City, while it planned a new campus on the northeast edge of the city. USMA approached the Export-Import Bank, the Inter-American Development Bank and the World Bank (IBRD) with a view to obtaining financing for the new campus. None of the institutions expressed interest in financing the loan. Thus entered AID as the lender of last resort. With technical assistance by a U.S. team of University specialists, funded with an AID grant, the University planned its overall development. An AID loan (525-L-031) for \$1.3 million was authorized in April 1969 to assist USMA to develop plans, complete the initial phase of construction (4 buildings) and to finance higher-education consultants.

In April 1972, AID advised USMA of its intention to cancel the then undisbursed balance of the loan because the University had not been able to meet a condition of the loan to contribute \$575,000 toward construction costs. USMA then presented for AID approval a revised development plan. The new plan provided for a single, multi-purpose building with administrative, classroom, library, and laboratory space, and a revised financial plan, including certain financial reforms as well as new sources of counterpart funds. An important element of USMA's argument for not cancelling the loan was that the institution could not continue to exist in its cramped, downtown quarters and the move to a new campus was essential to its continued existence as a private institution. The Mission requested an amendment to the loan authorization in March 1973 on the basis of revised project design. In April 1973 AID authorized an amendment to the loan providing for a modified project and a reduction in the loan amount from \$1.3 million to \$1.0 million. The amended loan agreement was signed in March 1974 after a delay caused by the Panamanian Government's reluctance to reaffirm the loan guarantee.

II. LOAN PURPOSE

The loan's purpose was to assist in creating an expanded private university (USMA) on a new campus, with improved curriculum and higher teaching standards; to provide an alternative to the University of Panama and help meet the growing social, political and economic demands for more and better trained technical and professional personnel.

III. PROJECT DESCRIPTION

This project, the first phase of USMA's long term development program consisted of: (a) improvement of campus planning, administrative, and organizational capacity and curriculum reform, and (b) expansion of facilities necessary to provide an acceptable academic program.

The project encompassed the following activities:

- A. Technical assistance on campus planning, administration, organization, and curriculum reform. This assistance was provided by technicians from the Southwest Alliance for Latin America (SALA) and by an executive volunteer under International Executive Service Corps (IESC) auspices. By the time of the amended loan authorization, most technical assistance had been provided, many of the recommended educational and administrative reforms instituted, and further reforms were under study. Institutional improvement efforts are continuing. In a joint USMA-USAID loan

review in June 1976 progress in carrying out recommended reforms was reviewed and the commitment to continue in the task of incorporating feasible technical assistance recommendations into the administrative and academic programs of the University was underscored by USAID.

- B. Construction of a single all purpose building, with supporting site development, which contains administrative, classroom and laboratory and library facilities for an enrollment of up to 1,000 full-time students (registration in the first semester 1976 was 1,457 full and part-time students). Construction plans, specifications, and bid documentation for this building were prepared under a joint venture by the A&E firms of Daniel, Mann, Johnson and Mendenhall of Los Angeles, and Cardenas and Lyons of Panama. These plans were modified to provide for a number of light room partitions to permit the building to function as a multi-purpose facility until such time as the need arises to construct additional facilities.

Construction began in March 1975 and was completed (equipment and furniture installed) just over a year later. The new campus was inaugurated on May 24, 1976.

In conclusion, with the completion of USMA's new physical plant, improved financial condition, (USMA achieved operating surpluses starting in CY 74) and progress toward improved administration, the loan purpose has been achieved.

IV. COVENANTS AND WARRANTIES OF THE LOAN AGREEMENT AS AMENDED

A. General

1. Section 4.01 - Execution of the Project: Full compliance.
2. Section 4.02 - Funds and Other Resources to be Provided by Borrower: Full compliance.
3. Section 4.03 - Continuing Consultation: Full compliance.
4. Section 4.04 - Management: USMA was to employ a business manager who would be an active non-voting participant of the University's Board of Directors. The purpose of this covenant was to promote improved financial viability. Financial management objectives are being achieved (and

evidenced in operating surpluses which USMA realized in CYs 1974 and 1975) mainly due to efforts of USMA's Director of Administration who acts as USMA's business manager. Although the business manager is not formally a non-voting board member she has access to the Board and the lack of formal designation in no way detracts the performance of her duties. Mission has determined that USMA has substantially complied with this Section.

5. Section 4.05 - Operation and Maintenance: Full compliance.
6. Section 4.06 - Taxation: Full compliance.
7. Section 4.07 - Utilization of Goods and Services: Full compliance.
8. Section 4.08 - Disclosure of Material Facts and Circumstances: Full compliance.
9. Section 4.09 - Commissions, Fees, and Other Payments: Full compliance.
10. Section 4.10 - Maintenance and Audit of Records: Full compliance.
11. Section 4.11 - Reports: Full compliance.
12. Section 4.12 - Inspections: Full compliance.
13. Section 4.13 - Implementation of Recommendations: Full compliance.
14. Section 4.14 - Project Evaluation: Full compliance.
15. Section 4.15 - Loan Review: Full compliance.
16. Section 4.16 - Tuition: Full compliance.

B. Special

Section 5.01 - Nondiscrimination: Full compliance.

Section 5.02 - Disposal of Assets: Full compliance.

Section 5.03 - Long Term Borrowing: Full compliance.

C. Procurement

All conditions contained in Article VI of the Loan Agreement (as amended) were complied with.

V. CONTINUED MONITORING

The purpose of the loan as set forth in the loan agreement has been achieved. All covenants are considered to have been complied with. Reports under covenant for Section 4.08 need be submitted only if problems arise. USMA understands the necessity of (a) retaining books and records for five years after the final disbursement as required by the Section 4.10 covenant , and (b) obtaining AID's written agreement for long term borrowing as required by Section 5.03. The Mission will monitor these covenants as necessary.