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CENTRAL AMERICAN BANK
FOR ECONOMIC INTEGRATION

AID LOAN Nº 596-L-013

QUARTERLY PROGRESS REPORT

Nº

PERIOD APRIL-JUNE 1978

3 COPY

AID LOAN AGREEMENT 596-L-013

A. GENERAL

On February 28, 1973 the Central American Bank for Economic Integration and the United States of America, through AID, signed loan agreement No. AID 596-L-013 in the amount of US\$ 15,000,000, which, together with the Central American contribution of US\$ 5,000,000 would be used by the Bank to coordinate and finance the first phase of the Regional Tourism Development Program.

The Bank shall pay to AID interest at the rate of 2% per annum during 10 years after the first disbursement and 3% per annum thereafter. The repayment term is 40 years after the first disbursement and the period of grace is 10 years.

According to the terms of the agreement the conditions precedent to the first disbursement should have been complied with 120 days after the execution, that is, on June 30, 1973. However, they were not complied with until October 16, 1973. The limit date for disbursements, according to the loan agreement, is March 31, 1977.

Funds from this agreement shall be used to finance up to 100% of the engineering and construction cost of tourism infrastructure projects, such as airports, access roads, water and sewerage systems, electricity, telephone systems and ruins restoration; and the cost of promotion, training and technical assistance. The original program to be financed under this agreement was as follows:

1)	TIKAL, Guatemala	US\$ 2,000,000
2)	ICACAL, El Salvador	US\$ 2,800,000
3)	Tela, Honduras	US\$ 2,840,000
4)	Islas de la Bahía, Hond.	1,000,000
5)	Ruinas de Copán, Hond.	<u>1,000,000</u>
Total Honduras		US\$ 4,840,000
6)	San Juan del Sur, Nicaragua	563,000
7)	Corn Island, Nicaragua	346,000
8)	Granada, Nicaragua	<u>525,000</u>
Total Nicaragua		US\$ 2,409,000

9)	Bahía de Culebra, Costa Rica	2,669,000	
10)	Volcán Poás, Costa Rica	300,000	
11)	Volcán Irazú, Costa Rica	225,000	
12)	Quepos, Costa Rica	<u>850,000</u>	
Total Costa Rica			US\$ 4,044,000
	Feasibility Studies	1,500,000	
	Training	500,000	
	Promotion	500,000	
	Contingencies	<u>1,447,000</u>	
Total			<u>US\$ 3,947,000</u>
GRAND TOTAL			US\$ 20,000,000

According to the original program, the projects were to be started in mid 1973 and completed in mid 1976. At the end of June, 1975, it has been determined that in the term foreseen for the total execution of the projects only the studies of some of them will be completed, specifically those of Tornasal and Tikal.

Besides, the program has changed and in June 1975 it is estimated that its total cost is around US\$ 36,200,000, as follows:

	TIKAL, Guatemala	7,800,000	
	Designs and supervision	<u>1,060,000</u>	
Total Guatemala			US\$ 8,860,000
	Tornasal, Honduras	3,000,000	
	Islas de la Bahía, Honduras	1,800,000	
	Copán Ruins, Honduras	3,600,000	
	Designs and supervision	<u>1,260,000</u>	
Total Honduras			US\$ 9,660,000
	Bahía Culebra, Costa Rica	4,800,000	
	Volcán Poás, Costa Rica	1,200,000	
	Volcán Irazú, Costa Rica	--	
	Design and supervision	<u>900,000</u>	
Total Costa Rica			US\$ 6,900,000

San Juan del Sur, Nicaragua	1,008,000	
Corn Islands, Nicaragua	621,000	
Granada Lake, Nicaragua	936,000	
Masachapa, Nicaragua	1,775,000	
Design and supervision	<u>690,000</u>	
Total Nicaragua		US\$ 5,030,000
Icacal, El Salvador	--	
Costa del Sol, El Salvador	5,000,000	
Design and supervision	<u>750,000</u>	
Total El Salvador		US\$ 5,750,000
Training	--	
Promotion	--	
Contingencies	--	
GRAND TOTAL		US\$36,200,000

It is estimated that US\$ 20,457,000 from the grand total of US\$ 36,200,000 has no restrictions for its financing based on the terms of AID Agreement 596-L-013, and the remainder, US\$ 9,283,000 is not subject to private investment commitments, and the amount of US\$ 6,460,000 is expected to be financed by other sources of funds.

In June 1975 it is estimated that an extension of the term for disbursement of the funds of this agreement will be necessary up to December 31, 1978, in view of the condition in which the development of the corresponding studies is as of this date.

The following documents were sent to ROCAP together with the quarterly progress report corresponding to the April/June 1975 period:

1. Resolution No. 4 of the Economic Cooperation Committee.
2. Report of the Economic Investigation and Promotion Department dated June 30, 1975 on tourist training in Central America.
3. Report of the Economic Investigation and Promotion Department on the progress of the Regional Tourism Program, dated May 15, 1975.

In August, 1975, ROCAP made an appraisal of the program financed under this loan, and recommended that the financing be made according to the first come-first served order, establishing a new date for the total disbursement of the funds, which is June 30, 1979, and to assign the funds originally intended for promotion, training and technical assistance (US\$ 1,000,000) for the financing of infrastructure.

During the April-June 1976 quarter, it has been determined that AID Loan 596-L-013 was reduced to the amount of US\$13,000,000, from which the following projects were financed:

	<u>Amount in Thousands</u>
1 - Tikal - Guatemala	\$CA 8,860
2 - Copán - Honduras	6,870
3 - Volcán Poás - Costa Rica	<u>1,900</u>
TOTAL	<u>\$CA 17,630</u>

Of the estimated total of the three projects mentioned above, AID will participate up to US\$ 13,000,000, which is the final amount to be used of the loan signed between CABEI and AID.

B. DESCRIPTION AND PROGRESS OF PROJECTS

1) TIKAL in Guatemala

Consists in the development of a national park of 1,600 square kilometers, which main attraction are the Mayan ruins of Tikal. The cost of the project was originally estimated in US\$ 5,835,000, as follows:

Engineering studies	US\$ 200,000
Administration buildings	1,000,000
Access roads within the park	301,000
Public utilities within the park	748,000
Protection of natural resources	335,000
Improvement of ruins	1,251,000
Access road to the park	1,500,000
Improvement of airport	<u>500,000</u>
TOTAL	US\$ 5,835,000

The National Economic Planning Council requested on November 10, 1972 the eligibility of this tourist project, having estimated that the private sector was considering the possibility of making an investment of Q 5,000,000 in several hotels that would comprise approximately 600 places. The project was declared eligible of financing by the Bank through Resolution of the Board of Directors DI-29/73 dated February 28, 1973.

Later on, on March 18, 1974, the Ministry of Public Finance sent to the Bank the feasibility study of the tourism development project of Tikal, as support of an official request in the amount of US\$ 7,076,000, to be used as follows:

Public Investment:

Improvement of airport	US\$ 2,890,000
Improvement of highway pavement	2,700,000
Restoration of monuments	758,000
Supplementary services in park	228,000

Private Investment:

Project entrusted to CORFINA	<u>500,000</u>
TOTAL	US\$ 7,076 000

Such feasibility study was prepared by the National Economic Planning and Coordination Council. Besides, the United States National Parks Service and the University of Pennsylvania made a study on the possibilities of restoration and maintenance of the Mayan ruins located in this park. Also the firm Bovay Engineers Inc. prepared a preliminary design for the Santa Elena Airport, near the town of Flores, 67 kilometers from Tikal.

The Ministry of Communications and Public Works invited consultant firms to submit technical proposals for the final studies and the bidding documents for the Santa Elena Airport, the Flores-Tikal road and some jobs within the Park of Tikal. According to the notice published, the offers would be received on January 20, 1975. The invitation was sent to 10 firms, and 6 of them submitted offers, as follows:

- 1 - Borges Casasola
- 2 - Agroconsult
- 3 - Urruela y Sittenfield
- 4 - Ingenieros Consultores de Centroamérica
- 5 - Pelayo Llarena
- 6 - Cordón y Mérida

The Government selected Cordón y Mérida for the Santa Elena Airport and the jobs within the park and Ingenieros Consultores de Centroamérica for the Flores-Tikal road.

ROCAP and the Bank approved the selection, provided the firm Cordón y Mérida obtains the services of a firm specialized in airports.

At the end of June, 1975 the Government was negotiating with the Bank in order that the cost of the studies mentioned above, be reimbursed within the investment loan to be granted further on.

In August, 1975, the Bank informed the Government that, notwithstanding it being an unusual procedure, it agreed to the Government's temporary financing of the cost of the studies for this project in the amount of Q 710,000, in order that the Bank reimburses same with the corresponding investment loan.

In August, 1975, the Bank approved the contracting of the consultant firms selected as follows:

- a) Contract with the firm Cordón y Mérida in the amount of Q 454,850.25 for final engineering and bidding documents of the Santa Elena airport and work within the Tikal Park.
- b) Contract with Eng. Ernesto Erdmenger in the amount of Q 251,831.00, for final engineering and bidding documents of the Santa Elena-Tikal highway.

In September, 1975 the consultant firm VTN International Inc., informed that it will advise the firm Cordón y Mérida in the design of the Santa Elena airport.

The above mentioned contracts will have a duration of approximately 23 weeks and developed satisfactorily during the October-December 1975 quarter. No difficulty is foreseen for their completion in the specified time. During the January-March 1976 quarter the Government continued preparing the studies through the consultant firms, and it is expected that same will be completed next June.

On May 13, 1976 a meeting was held in the city of Guatemala attended by all the institutions that participated in the development of the program of the project, as follows:

- 1 - ROCAP
- 2 - Reviewing Commission for the Tikal Project
- 3 - Civil Aeronautics
- 4 - Anthropology and History Institute
- 5 - Reviewing Commission for FYDEP
- 6 - Secretariat of Economic Planning
- 7 - Highway Department
- 8 - Guatemalan Tourism Institute
- 9 - Consultant firms Cordón and Mérida e Ingenieros Consultores de Centroamérica
- 10 - CABEI

Important aspects were discussed at this meeting, such as:

- a) Contracting of a Coordinator to be in charge of all matters such as prequalification, biddings and others pending that the project requires.
- b) Reviewing of budgets for the construction of the airport and highway of the project, inasmuch as the consultants reported that same were higher than the ones originally estimated.
- c) Contracting of the firm Raúl Valdez y Asociados for the execution of the economic feasibility studies.
- d) Others

The final investments of the Tikal Project (estimated) will be as follows:

i)	Improvement of the Santa Elena airport	\$CA 4,000,000
ii)	Improvement of the Las Flores-Tikal Highway	3,300,000
iii)	Restoration of ruins	500,000
iv)	Engineering and Supervision	<u>1,060,000</u>
	TOTAL	<u><u>\$CA 8,860,000</u></u>

During the July-September 1976 quarter several meetings were held between officials of the Government of Guatemala, AID/ROCAP, CABEI and consultants of the project. Important matters were discussed at such meetings, as follows:

- a) Analysis of alternatives that may permit the reducing of costs of the airport and highway and at the same time review the financing program for the project prepared by the National Economic Planning Council.

The budget of the work to be constructed in US\$ million, as of August 13, 1976, is as follows:

Airport	13.00	US\$ million
Highway	5.01	
Ruins restauration	0.50	
Studies, design and su-		
pervision	1.39	
Park (services)	<u>1.80</u>	
TOTAL	21.70	

AID/ROCAP has been informed of the above situation and in principle has approved the new program.

An official of the Bank travelled to Guatemala during the 1 and 2 of September in order to analyze together with ROCAP AID Washington and the consultants, the preparation of the economic study to:

1. Determine its progress and conformity with the terms of reference.
2. Get acquainted with the method being used to ascertain if it is the more adequate for the project.
3. Ensure the reliability of the parameters used.
4. Date of completion of the study.

Besides the periodical visits made to the project, CABEI has provided advice to the Instituto de Antropología e Historia (IDAEH) on the preparation of a document which will contain the scope of the research and archeological restauration program, the technical

justification and budget for the different jobs involved.

Due to the short time available to analyze the project, and to issue an opinion on its technical, economical and financial convenience, a schedule of actions was prepared for the TIKAL project in the engineering work, as follows:

	Estimated date of compliance
I - Submittance of Final Engineering Plans and Economic Studies by the Government to CABEI	October 15, 1976
II - Preparation of Project Analysis by CABEI	November 15, 1976
III - Publishing of notice for prequalification of supervision and construction services of the work	December 1, 1976
IV - Approval of loan to the Government of Guatemala by CABEI's Board of Directors	December 6 to 10, 1976
V - Signing of loan contract between the Government of Guatemala and CABEI	December 13 to 31, 1976
VI - Opening of proposals for supervision services and construction work	January 15, 1977
VII- Signing of supervision and construction contracts	March 1, 1977
VIII- Starting of the construction work	April 1, 1977
IX - Last date for submittance of disbursements to ROCAP under AID Loan 596-L-013	May 30, 1979

The schedule for archeological research shall adjust to the dates specified above.

The Complementary Economic Study for the project of tourist development of the Tikal National Park was submitted on September 30, 1976 to the National Economic Planning Council of Guatemala and same was prepared by Eng. Raúl Valdez R., and contains, besides the statement on the process and work methodology, tables and maps indicating the amounts which support the

opinions issued by Eng. Valdez. The final and most important conclusion of the referred study is that the tourist complex, as it is planned and integrated, is convenient, renders great benefits and is economically feasible.

During the October-December 1976 quarter meetings were held at CABEL's headquarters to discuss the contents of the loan application submitted by the Government of the Republic of Guatemala, dated September 29, 1976, in the amount of \$CA 12 million, substituting the one which, in the amount of \$CA7,076,000 had been submitted on March 18, 1974.

Mr. Leonel Figueroa, Coordinator of the Section of Infrastructure of the General Secretariat of the National Planning Council and Mr. Raúl Valdéz, Consultant of the Government, attended the meetings in behalf of the Government of Guatemala. Messrs. Constantino Bernasconi, Armando Astorga, Edgardo Durón, Herman Aparicio, Rodrigo Sandino and Roberto Reyes, and Mrs. Yolanda de Suazo, attended in behalf of CABEL.

The Tikal Tourism Project is formed by the following work, according to the new proposal made by the GOG:

- a) Tikal National Park, consisting in the construction of public service installations for comfort of the visitors, such as potable water, sewage, electricity, buildings for use of the visitors, administration, warehouse, museum, maintenance and others.
- b) Santa Elena-Tikal highway, with a length of 63 kilometers, pavement of 6 meters of width, double surface asphalt treatment and 1 meter shoulders on each side.
- c) Santa Elena Airport; a landing strip is proposed to be constructed in its first phase, of 2,500 meters of length, 46 meters of width and pavement capable of supporting the weight of a Boeing 747 airplane. It includes a building of multiple purposes to contain the passengers terminal, administration offices and services for the airport.

d) Archeological Program, includes research and restoration, the study of the settlement patterns, the program of publications and scientific publishing, as well as the requirements for the personnel that will be in charge of the work to be performed in the Ceremonial Center.

The budget for each of the works mentioned above, according to the new loan application of the Government of Guatemala and CABEL's judgment, is as follows:

	<u>Amounts in Million \$CA</u>	
	<u>Requested by GOG</u>	<u>CABEL's opinion</u>
a) Airport	13.00	13.00
b) Highway	5.01	9.20
c) National Park	1.80	2.10
d) Ruins Restauration	0.50	0.50
e) Engineering and supervision	1.39	<u>1/</u>
f) Studies (preinvestment	<u>0.00</u>	<u>0.80</u>
TOTAL	21.70	25.60
CABEL's financing	12.00	12.00
GOG's financing	9.70	13.60

1/ The cost of supervision services is included in the cost of each sub-project.

The Government of Guatemala stated its agreement with the investment program suggested by CABEL.

During the October-December 1976 quarter, the phase of promotion and analysis of this project was completed by the approval of the Board of Directors of the Bank, on December 2, 1976 of a loan up to \$CA12,000,000, the loan contract having been signed between the Government of Guatemala and CABEL on December 10, 1976.

The main activities which are pending and prior to the beginning of the construction work are as follows:

1. Delivery by the consultant of the plans, specifications and other documents, modified according to the solution adopted for the first phase February 15, 1977
2. Prequalification of contractors and consultants March 2, 1977
3. Publishing of bidding notice March 2-10-18, 1977
4. Opening of bids April 15, 1977
5. Execution of contracts May 15, 1977
6. Beginning of work June 1, 1977

During the January-March 1977 quarter, the following activities took place at the project:

Preliminary and final copy of conditions for International Public Bidding No. 7-77 were sent by the Director General of Highways, Mr. Rodolfo Rubio, for the Santa Elena-Tikal Highway Project, as well as set of plans for the Tikal Tourist Complex, the Santa Elena-Tikal Highway Project and Santa Elena Airport.

On February 2, 1977 the Highway Department published in the main newspapers of Guatemala a prequalification and bidding notice, inviting local and foreign construction companies eligible by CABEI to submit proposals before March 1977 for the execution of the following projects: Santa Elena-Tikal Highway, Tikal Park and Santa Elena Airport, all in the Department of Petén.

Proposals were received from prequalified consultant and professional firms for the rendering of high level supervision services in the Santa Elena-Tikal Highway, Santa Elena Airport and Tikal Park projects, as follows:

For the Santa Elena-Tikal Highway Project:

- a) Héctor Ochoa U., Engineer
- b) Ingenieros Consultores de Centroamérica Cfa. Ltda.
- c) Julio Samayoa P, Engineer

For the Santa Elena Airport and Tikal Park Projects:

- a) Joaquín Lottman, Engineer
- b) Cordón y Mérida, Engineers
- c) Consuldeca-Koose y Solís

As CABEI is aware of the fact that such firms have sufficient capacity, no objection was made for the Government to negotiate.

In letter dated March 22, 1977 the Government, through the Highway Department, recommended Engineer Julio Samayoa P., who was accepted by CABEI, for the position of Coordinator of the work in connection with the Tikal tourist and archaeological project.

On March 1, 1977 the document regarding Implementation Letter No. 1 regarding execution of the Tikal tourist and archaeological project was received, specifying therein that the total cost of the project amounts to \$CA 25.6 million, as follows:

Tikal National Park	\$CA 2,100,000
Restoration of Ruins at Tikal	500,000
Santa Elena-Tikal Highway	9,200,000
Santa Elena Airport	13,000,000
Studies	<u>800,000</u>
TOTAL COST	\$CA25,600,000

Of this total, \$CA6,856,800 are from AID Loan 596-L-013, \$CA5,143,200 are CABEI's own funds and \$CA13,600,000 from funds of the GOG.

During the April-June 1977 quarter, the following actions took place at the project:

The Ministry of Communications and Public Works of Guatemala, through the State Property and Bidding Department of the Ministry of Public Finance, held a public international bidding for the construction of the Santa Elena-Tikal Highway and the bids were submitted on June 13, 1977 at 9:00 a.m.

International public bidding for the typical narrow section in the alternative of metal pipe with cement floor and granular base of the Santa Elena-Tikal Highway was held on April 15. The following firms submitted proposals:

S. J. Groves	US\$ 10,184,755.00
Rexco Alvarez y Toledo	US\$ 9,815,922.44
Meridian Company	US\$ 9,622,747.11
Government's estimate	US\$ 7,441,355.00
Plus 15% allowance	US\$ <u>1,116,203.00</u>
TOTAL	US\$ 8,557,558.00

It is worthwhile mentioning that the firm Meridian Company did not submit the required bond.

For the wide typical section in metal pipe, the following firms submitted proposals:

Rexco Alvarez y Toledo	US\$ 10,342,972.62
S. J. Groves	US\$ 11,229,031.00
Meridian Company	
Nello L. Teer	US\$ 10,841,016.40
Government's estimate	US\$ 8,739,695.00
Plus 15% allowance	US\$ <u>1,310,954.00</u>
TOTAL	US\$ 10,050,649.00

None of the firms that participated in the international public bidding for the highway submitted quotation in connection with the alternative of concrete pipe, nor in the alternatives of lime and black base requested by the Government of Guatemala. International public bidding No. 7-77 held on April 15, 1977, was declared void due to the disagreement in the amounts of the bidders, and a new international public bidding for the Santa Elena Tikal highway was published in the official newspaper and other newspapers in Guatemala on May 12, 16 and 20, 1977.

The Government of Guatemala appointed Mr. Julio Samayoa Pinto as Coordinator for the work of the TIKAL Archaeological and Tourist Project.

Contract for professional services was signed between the Government of Guatemala and the firm Córdón-Mérida, for the execution of the work of making suitable the contract documents of the projects Santa Elena Airport and Internal Work of the Tikal Park, prepared by the Consultant in accordance with the investment plans for the first phase of the construction.

During the July-September 1977 quarter, the following outstanding events took place at the TIKAL Project:

- 1) On July 29, 1977 Public Bidding No. 31-77 was held in regard to the work within the Tikal Park, and only one consortium submitted proposal as follows:

COHAGUA-GROVE	Q. 2,369,624.31 (136%)
Official Estimate (GOG)	Q. 1,773,275.00 (100%)

The consortium would be within the limits established by the law, if a margin of 15% is taken into account as well as the integration of prices specified by the law, the official estimate amounting to Q. 2,382,167.10.

- 2) On September 12 Public Bidding was held for the construction of the Santa Elena Airport, having received 7 proposals from construction firms as follows:

	Name	Amount	Percentages which exceed the official estimate
a)	Meridian Ingenieros Inc.	US\$ 12,988,682.86	30.4
b)	Rexco Industries Inc.	13,477,417.32	35.3
c)	Cogefart de Guatemala	12,785,592.30	28.4
d)	S. J. Grove & Sons Co.	15,528,290.23	55.9
e)	Nello L. Teer Internat. Inc.	17,523,500.73	75.9
f)	Tumez Trabau Public	14,739,413.60	48.0
g)	Mayorga y Tejada	14,595,088.92	46.5
	Official Estimate	US\$ 9,961,423.42	

After making an analysis and establishing the integration of prices with the five firms which were closer to the Official Estimate, same amounted to US\$ 11,455,638.75. It was determined that the firm which has greatest possibilities to be awarded the construction contract is COGEFART de Guatemala.

During the October-December 1977 quarter the firm COGEFART was declared eligible to submit proposals for the construction of the Santa Elena Airport. The above is stated in letter OGUA-1353/77 dated November 7, 1977.

It was not until November 11 that the Diario de Centroamérica, official newspaper of the Government of the Republic of Guatemala published the Legislative Resolution No. 50-77 by which the Congress approved loan contract No. 125-0, in the amount of \$CA 12 million, signed between the Government of Guatemala and CABEI for the partial financing of the project.

It is worthwhile mentioning that the project is technically delayed in its construction phase, according to the original program, it being still in the phase of public biddings.

During the January-March 1978 quarter the Government of the Republic of Guatemala approved the bid submitted by Mr. Héctor E. Ochoa U. for high level consulting services in the construction of the Santa Elena-Tikal Highway and work within the Tikal Park, in the Department of El Petén. The total of the bid is US\$196,242.30 and the contract period is 24 months.

CABEI, after consultation with ROCAP, stated, in letter ORG-INF-028/78 dated February 17, 1978, that there was no objection to the appointment of Mr. Ochoa Urraca.

During this quarter CABEI approved the professional awardings according to international public biddings Nos. 26-77, 31-77 and 34-77 corresponding to the Santa Elena-Tikal Highway, work within the Tikal Park and Santa Elena Airport. Such awardings were as follows:

- a) Santa Elena-Tikal Highway, work awarded to the firm Meridiam Engineering, Inc. in the amount of US\$8,579,531.47 (Typical section D1 with granular base).
- b) For work within the Tikal Park, construction work awarded to S. J. Groves & Sons Co and Constructora Harrison de Guatemala, in the amount of US\$ 2,369,624.31.
- c) For the Santa Elena Airport, construction work awarded to the firm Cogefar Contruzione Generali SPA in the amount of US\$ 12,078,559.23.

This approval does not mean that the Bank finances costs higher than the loan signed with the Government of Guatemala in the amount of US\$12,000,000.

A meeting was held in January at the Instituto de Antropología e Historia (IDAEH), to discuss the details of the execution of the project of reconstruction of the Tikal ruins, which meeting was attended by the following persons:

ROCAP:	Harry Ackerman D. Sidman Ron Venezia
IDAEH:	Luis Luján Muñoz Marcelino González Cano Carlos Rudi Larios
Highway Department:	Rodolfo Rubio Julio Samayoa
CABEI:	Carlos Alberto Erazo

On February 24, 1978 the following contracts had been signed and approved:

Contract	Contract Amount	Contractor	Date Signed
Construction Santa Elena-Airport	Q 12, 078, 550.23	Construzione Generali SPA COGEFAR	10-2-78
Construction Santa Elena-Tikal Highway	Q 8, 579, 531.47	Meridian Engineering	17-1-78
Construction within Tikal Park	Q 2, 369, 624.31	Constructora Harrison de Guatemala and S. J. Groves & Sons	23-2-78
Coordinator (36 months)	Q 54, 000.00	Eng. Julio Samayoa	9-2-78
Consultant Highway and Park (a)	Q 196, 242.00	Eng. Héctor Ochoa U.	
Supervisor Highway and Park (b)	Q 1, 325, 000.00	Eng. Raúl Castro Conde	
Force account work Tikal Park (Archaeology)(c)	Q 500, 000.00		
	<hr/>		
	Q 25, 102, 957.01		

- (a) Contract draft is ready
- (b) Is ready to be signed on February 24 or 27, 1978
- (c) Is pending of signature

During the April-June 1978 quarter the project was inspected by the following engineers: Julio Samayoa, Coordinator of the Project; Raúl Castro Conde, Head of the Supervision Unit, Héctor Ochoa Urraca, High Level Consultant, Alejandro Sundermann and Víctor Dardón, officials of ROCAP, and Carlos Alberto Erazo, official of CABEL.

It may be considered that the project has started in its several sections, such as:

- i) Airport: The Contractor, COGEFAR started the Santa Elena work: clearing and grubbing of the landing strip.
- ii) Tikal Park: The Contractor COHAGUA-GROVE started the construction of camp, offices, workshops, as well as general topographic work and location.

iii) Reconstruction of Ruins: The Instituto de Antropología e Historia started with its own funds the reconstruction of the Tikal ruins.

In general it may be stated that during the April-June 1978 quarter the progress in the several phases of the project has been satisfactory.

2.) **TELA, ISLAS DE LA BAHIA AND COPAN in Honduras**

On November 8, 1972, the Ministry of Finance and Public Credit submitted to the Bank a request in the amount of US\$ 250,000 to finance the studies for the development of the project known as TORNASAL, which name is derived from the zone in which it is located, that is Tornabé - Punta Sal, near the port of Tela, in the Atlantic of Honduras.

The project was declared eligible of financing by the Bank through Resolution of the Board of Directors No. DI-142/72, dated November 28, 1972.

On December 19, 1972, through Resolution No. DI-154/72, the Bank granted a loan in the amount of US\$ 350 000 for the financing of the technical and economic feasibility studies, design of final plans and technical assistance of the tourism projects of Tornasal, Islas de la Bahía and Copán Ruins. The loan contract was signed on April 13, 1973.

The studies originally included master plan and technical and economic feasibility study for the tourist pole of Tornasal and tour points of the Island of Roatán and Copán Ruins in a first phase, after which approval the preparation of final plans for the construction of the corresponding infrastructure would be undertaken.

The Instituto Hondureño de Turismo invited the following firms to submit technical proposals in an international level:

David Volkert & Associates y Asociados
Robert R. Nathan Ass. Inc. y Asociados
Bovay Engineers, Inc. y Asociados
Daniel, Mann, Johnson & Mendenhall Inc. y Asociados
Consorcio Condimocho

Tippetts, Abbett, McCarthy & Stratton Inc. y Asoc.
Louis Berger, Inc. y Asociados
Booz, Allen & Hamilton y Asociados
Mc Intire & Quiros y Asociados
Robertson Ward Ass. y Asociados
Arthur D' Little Inc. y Asociados
Edwards & Kelcey Inc. y Asociados
F. R. Harris Engineering Corporation y Asociados
IPAD
NHA Engineering, Inc. y Asociados

The IHT selected the firm Robert Nathan Associates Inc. and the corresponding contract was signed on March 22, 1974. The estimated cost of same was US\$ 334,269,000 for a period of 13 months. The purpose of the contract was to prepare the technical and economic feasibility studies and the master plan of Tornasal and the guides for development of the Island of Roatán and Copán Ruins; as well as to train Honduran personnel to form a permanent team capable of planning future projects. The Government committed to furnish to the consultant all basic information on access highways, sources of potable water, electric and telephonic services and others.

The Government selected Eng. Roberto Reyes as Coordinator of the project and the corresponding contract was signed on April 29, 1974. Eng. Reyes would render his services for a fix monthly remuneration of L. 2,500 per month. This contract has been ratified twice, on January 8th and June 3, 1975, and therefore it is in effect until June 30, 1975. On February 20, 1975 the Government requested from the Bank an extension to loan FO-238 in the amount of US\$ 60,000, which would increase the total amount of same to US\$ 410,000.

The Bank approved an extension to such loan in the amount of US\$ 60,000, through Resolution of the Board of Directors No. DI-41/75 dated March 20, 1975. The loan contract was signed on May 30, 1975.

The extension in the amount of US\$ 60,000 was granted at 6% per annum, 3/4 of 1% per annum as commitment commission and a repayment term of 6 years with one year of grace.

The Bank, through Resolution No. DI-78/75 dated June 3, 1975, authorized an extension to the term for disbursements until September 30, 1975. This action was due to the fact that the Government did not furnish the information originally promised, which has caused that the studies be delayed and that their cost be increased as a consequence of a low use of the installed capacity of the consultant.

At the end of the April-June 1975 quarter, the studies are practically completed, the final report offered by the consultants for July 30, 1975 being the only thing pending.

At the end of the month of June, 1975 the cost of the studies had reached US\$ 307,500, which represents 88% of the original contracted cost.

The Government requested the Bank on August 8, 1974 a loan in the amount of US\$ 150,000 to carry out studies of restauration, conservation and exploration of the Ruins of Copán, which would last approximately 12 months. The Bank declared the financing of the studies eligible through Resolution No. DI-206/74 dated December 20, 1974.

On July 9, 1975 the Bank sent a letter to the Instituto Hondureño de Antropología in order to propose a preliminary scheme for the integral development of the tourist and archeological complex of Copán, wherein all aspects of infrastructure, archeology, public utilities and tourist and zoning services involved in same were contemplated. The program would be developed in two phases: the first one including the performance of archeological investigations and the design of the final plans of the different works to be

constructed; and the second being the construction of the highway to the airport, the municipal works and tourism facilities. The total cost of this development was estimated in US\$ 4,183,500.

On November 26, 1974 the Government requested from the Bank a loan in the amount of US\$ 4,500,000 to complete the studies for and/^{to}construct the highway between La Entrada and Copán Ruins, 64 kms of length. According to the request, the cost would be distributed as follows:

Studies	US\$ 135,500
Construction	4,088,000
Supervision	<u>276,500</u>
TOTAL	US\$ 4,500,000

At the end of June, 1975 the Bank has not taken a decision regarding this request, in view of the fact that, when the supporting documentation was requested from the Government, it was found that there was no adequate estimate of same.

The consultant firm delivered in September 1975 the final report on the Tornasal studies, thereby completing this work, the only thing pending being the disbursement of the additional US\$ 60,000 granted by the Bank.

At the end of the July-September 1975 quarter, the Bank is promoting a seminary of a whole day, to analyze the conclusions and recommendations of the consultant firm, as well as the observations of the Government regarding the project.

On September 8, 1975 the Government requested an extension of the eligibility in order to include the reconstruction of the La Entrada-Copán highway; the extension of the public services and urbanistic work in the town of Copán; the

improvement of the existing archeological Park; and the archeological investigations and restauration and conservation work of the Ruins of Copán in the amount of US\$ 6,877,00, distributed as follows:

	Preinvestment	Investment
Highway	US\$ 150,000	US\$ 5,000,000
Town of Copán	50,000	600,000
Archeological Park	40,000	165,000
Investigations	236,000	636,000
Total	476,000	6,401,000
GRAND TOTAL	6,877,000	

The Bank authorized the extension requested on October 7, 1975, through Resolution DI-137.

Early in October 1975 the consultant officially delivered the final report on this project to the Government, which has not yet made any statements on the recommendations made in same.

On October 30, 1975 the Bank authorized an extension in the term for disbursements for the Tornasal loan up to December 31 of same year, although the study is already completed, in order that the consultant firm and the Government have time to complete the pending disbursements. The Bank, in its investment plan for the 1975/1976 period, provided for the financing of the final studies of the Tornasal project, but the Government has not yet submitted the corresponding request.

During the October-December 1975 quarter, the Government has been working in the preparation of the request for the financing of pending studies for the Copán project, which covers highway, urbanization, works in the Archeological Park and investigations.

As of the end of March, 1976, CABEI is studying in detail the aspects of costs and benefits expected from the program of Tourism Development of Copán Ruins. It is expected that submittance to the Board of Directors will take place during the April-June 1976 quarter.

The actions carried out during the April-June 1976 quarter were as follows:

On April 28, 1976 a meeting was held at the office of the Minister of Culture, Tourism and Information by officials of the Government of Honduras, ROCAP and CABEI, in order to analyze the actions taken to have completed in a short time the technical and economical feasibility studies and the final engineering plans necessary to start the construction of the work.

It is worthwhile mentioning that only one of the three projects originally scheduled to be financed under this loan (Tela, Islas de la Bahía and Copán) which will be financed under AID Loan 596-L-013, is Copán, it being estimated that its total investments will be the following:

1 -	Improvement of La Entrada-Copán Ruins-Guatemalan Border Highway	\$CA 5,000,000
2 -	Services and urbanistic work for Copán Ruinas	600,000
3 -	Improvements in Archeological Park	165,000
4 -	Investigation and restauration of ruins	600,000
5 -	Studies and designs	<u>505,000</u>
	TOTAL	\$CA 6,870,000

It is worthwhile mentioning that the work scheduled for Phase I Preinvestment is all definite and is being fully complied with, it being expected that the work scheduled for Phase II Investment will also develop satisfactorily. Besides the above, several meetings have been held with

officials of the Ministry of Communications, Public Works and Transportation and CABEL to hear about the progress of the feasibility study, terms of reference and problems experienced in same, in order to have inter-relation with the development of the project and its needs.

Licenciado Francisco Muñoz Táborá is at present acting as Coordinator of the Project. The studies and the engineering work required will be performed by engineering firms, and in the archeological activities the Coordinator will be assisted by a Chief Archeologist, who will be responsible of the direction of the investigations and the restoration work.

After several negotiations, the following firms participated in the bidding, with sealed proposals:

- 1 - Consorcio Copán, formed by the firms CONASH, Codinco Saybe Díaz y Asociados, Cerna y Maier.
- 2 - Gabinete Técnico and Consultecnia
- 3 - CINSA

The development of the engineering studies was awarded to CINSA, it being estimated that the contract will be signed during the month of July, in the amount of US\$ 188,500, plus reimbursable costs of US\$4,900.

During the July-September 1976 quarter, several actions were taken in connection with the development of the project, the most important of which being the following:

Early in July, the Coordinator General of the Project, Licenciado Francisco Muñoz Táborá, appointed Ingeniero José Gómez Robelo to take care of the coordination of all the technical aspects of the project in charge of the consultants.

On July 15, 1976 the Instituto Hondureño de Turismo issued the order to proceed to the consultant firm CINSA to start the designs for which it had been contracted, starting almost

simultaneously the studies for the highway, urban development plan for the city of Copán, several urbanistic jobs, the potable water and sewage systems. 60% of the contract amount (US\$ 113,115.00) has been paid to CINSA up to date; however, the physical progress of the study is more than 60% and is satisfactory.

Besides the above, the following services contracts were negotiated and signed between the Instituto Hondureño de Turismo and:

- a - The firm Robert R. Nathan y Asociados up to the amount of US\$ 7,246 for the preparation of the economic justification of all investment, both in infrastructure and in the archeological program, considering the benefits derived from tourism.
- b - The Servicio Autónomo Nacional de Acueductos y Alcantarillados, up to the amount of US\$22,647, in order to carry out all the investigations of underground water for the potable water supply of the city of Copán not included in the work entrusted to CINSA.

During the month of August, the Instituto Hondureño de Turismo, in order to determine the scope of the program, contracted the services of the Archeologists, Doctor Claude F. Bandez, from the staff of the "Museum of Man" of Paris, France, and Doctor James J. Hester, from the University of Colorado, U. S. A., so that, jointly with the personnel of the Instituto Hondureño de Antropología e Historia (IHAEH), prepare and advise the latter in the plan for the study, excavation, restauration, preservation and display of the Mayan Ruins of Copán.

The July-September period was a very busy one, having held six meetings of coordination between the IHAEH, Government agencies, and the consultants, for the engineering and architectural work and CABEI's personnel.

The main meetings in connection with the archeological program were held on August 2, 1976 and September 7 and 23, 1976.

The action schedule for the Copán project for engineering work is as follows:

	Estimated date for compliance
1 - Delivery of Preliminary Report and all economic feasibility studies by the Government to CABEI	October 15, 1976
2 - Preparation of Project Analysis by CABEI	November 15, 1976
3 - Delivery of Final Report, final engineering plans and other documents for the bidding by the consultant to the Government of Honduras	November 15, 1976
4 - Publishing of notice for pre-qualification and bidding for supervision and construction services for the project	December 1, 1976
5 - Approval of loan to the Government of Honduras by the Board of Directors of CABEI	6-10 December, 1976
6 - Signing of loan contract between the Government and CABEI	13-31 December, 1976
7 - Opening of proposals for supervision services and construction work	January 17, 1977
8 - Signing of supervision and construction contracts	February 17, 1977
9 - Starting of construction work	April 1, 1977
10 - Last date for submittance of disbursements to ROCAP under AID Loan 596-L-013	May 30, 1979

The schedule for archeological investigations shall be maintained within the stipulated dates. The Government

intends to contract Doctor Bandez, to take charge of coordination and direction of the archeological program.

Besides the above, on August 26 and September 17 the official of CABEI in charge of the project, Eng. Herman Aparicio V., made a supervision visit to the site in order to inspect the progress of the studies such as: terms of reference, compliance of the work schedule or according to agreement, having concluded that the field and office work was performed according to the agreement.

In order to determine the above, a total of nine meetings were held jointly with the participating agencies of the Government, in order to coordinate actions, discuss criteria, reach decisions and determine whether or not the project is being executed as scheduled.

The most important meetings were held on August 10 and September 2, 1976.

During the October-December 1976 quarter, meetings were held by officials of the Government of Honduras, the consultants and CABEI, mainly to get acquainted with the contents of the Preliminary Report on the project, prepared by the consultant firm CINSA, in charge of the design of the infrastructure work and the archeological program prepared by the Instituto Hondureño de Antropología e Historia, with the advice of foreign archeologists. The first meeting was of general nature, to disclose the contents and scope of the program, and was attended by:

In behalf of the Government:

Francisco Muñoz Tábora	Director of the Instituto Hondureño de Turismo
José Gómez Robelo	Project Engineer of the Instituto Hondureño de Turismo

Humberto Pratz	Director of the Dirección General de Urbanismo
Arquimedez Núñez	Urban Planning Department, Dirección General de Urbanismo.
Herman O. Cueva	Public Buildings Department, Dirección General de Urbanismo
José Cecilio Zelaya	Sectorial Planning Office, Ministry of Communications Public Works and Transportation
Jeffrey Guttman	Sectorial Planning Office, Ministry of Communications, Public Works and Transportation
Vito Véliz R.	Instituto Hondureño de Antropología e Historia
Miguel Angel Lagos	SANAA
Humberto Puerto	SANAA
Alpha Castillo de Tosta	Dirección General de Caminos
<u>In behalf of the consultants:</u>	
Marvin R. Brandt	Robert R. Nathan y Asociados
Mauro Membreño Tosta	CINSA
Napoleón Bográn	CINSA
Roberto Aguero	CINSA
Arturo Suárez Moya	CINSA
Roberto Vargas	CINSA
Fernel Cabellero Banegas	CINSA
<u>In behalf of CABEI:</u>	
Constantino Bernasconi	Manager, Programming and Promotion
Yolanda de Suazo	Industrial Studies and Promotion Area
Roberto Reyes Mazzoni	Industrial Studies and Promotion Area
León Paredes L.	Infrastructure Studies and Promotion Area

Herman Aparicio V	Infrastructure Studies and Promotion Area
Orlando Castro	Economic and Financial Analysis Area
Leticia de Colíndres	Economic and Financial Analysis Area
Edgardo Durón V.	Infrastructure and Housing Technical Area

The members of the work team in charge of reviewing the technical criteria and unit costs of the subprojects were appointed at these meetings, and suggestions which were deemed convenient were made to the consultants. The original application submitted by the Government of Honduras, on March 5, 1976, in the amount of \$CA 6,900,000 was substituted by the application submitted on November 2, 1976 in the amount of \$CA 9 million. From the analysis of the technical documents submitted by the GOH for the different works, the cost estimate, including contingencies and price increase due to inflation, is as follows:

	Cost in Thousand \$CA	
	Review on October 22, 1976	CABEI's opinion
a) Highway	5,562.0	7,000.0
b) Urbanistic Services and Works for Copán Ruins town	671.3	687.1
c) Archeological Survey and Restoration Program	1,189.0	1,008.2
d) General coordination	80.0	80.0
e) Studies (preinvestment)	224.7	224.7
f) Engineering and supervision	613.3	0.0 <u>1/</u>

g) Cost increases	<u>696.1</u>	<u>0.0</u> 1/
TOTAL	9,036.4	9,000.0
CABEI's contribution	9,036.4	9,000.0

The studies, notwithstanding the short time available, were performed according to practices generally accepted for this kind of work, and are supported by the field and office investigations requested in the terms of reference.

1/ Included in the corresponding subprojects.

The main characteristics of the work to be financed, are as follows:

1. La Entrada-Copán Ruins highway, with a length of 62.4 kilometers, including earthwork, drainage and a rolling surface of 7 meters of width with pavement.
2. Urbanistic services and works for Copán Ruins, keeping the colonial environment of the urban area, and furnishing to the town efficient services for the comfort of tourists.
3. Archeological Investigation and Restauration Program, including the investigation and restauration work of the monuments, the preparation of the Master Plan for the Archeological Park and the requirements of the personnel that will perform the program.
4. General coordination; for the performance of the above mentioned work the Government assigned the Instituto Hondureño de Turismo as Coordination Unit of the participant institutions.
5. Studies. The expenses incurred by the Government in the preparation of final engineering plans, economic justification studies and preparation of the

archeological program, will be attended by this funds.

During the October-December 1976 quarter the phase of promotion and analysis of this project was completed. The Board of Directors of CABEI approved on December 2, 1976 a loan up to \$CA9,000,000 and the loan contract between the Government of Honduras and CABEI was signed on December 10, 1976.

The main actions pending are:

- | | |
|--|-------------------|
| a. Publishing of notice of delivery of documents and plans for supervision and construction services | January 14, 1977 |
| b. Receipt of proposals for supervision and construction services | February 21, 1977 |
| c. Signing of supervision and construction contracts | March 15, 1977 |
| d. Beginning of work | April 1, 1977 |

Bidding documents for urban improvement services and works will be available not later than the first week of February, 1977.

During the January-March 1977 quarter, several activities were performed, the most important being the following:

Contract documents and special conditions prepared by the consultant firm CINSA were received for the construction of La Entrada-Copán Ruinas Highway.

The following firms submitted prequalification documents for the supervision of the project:

- 1 - Cerna y Maier
- 2 - CINSA
- 3 - TECNISA
- 4 - Gabinete Técnico, S. A.
- 5 - Codinco, S. de R. L.
- 6 - Saybe y Asociados, S. de R. L.
- 7 - CONASH, S. de R. L.
- 8 - Bernard Johnson Inc.
- 9 - Estudios y Proyectos Técnicos, S. A. de C. V.
- 10 - Grupo AR/CO

The prequalification phase of the above firms has not been completed. The awarding by the Government of Honduras was decided on March 28, 1977 to Constructora SAOPIN to perform the construction work of La Entrada-Copán Ruinas highway, in the amount of \$CA6,497,788.68 (Lps. 12,995,577.35).

On March 29, 1977 CABEI informed the GOH its agreement with the contract signed with Mr. Claude F. Bandez, who has been appointed Chief of the Archaeological Program.

On January 7 and 28, 1977 joint meetings were held between officials of the institutions participating in the development of the project, such as Consultora CINSA, Dirección de Urbanismo, Instituto Hondureño de Turismo, SANAA and CABEI.

During the April-June 1977 quarter, the GOH awarded the construction of La Entrada-Copán Highway to the construction firm SAOPIM, and the construction contract was signed up to US\$6,119,038.68.

The following firms submitted proposals for the supervision of the construction of the potable water and sewage systems of the city of Copán Ruinas:

- a) Consorcio Maya
- b) TECNISA-CERNA Y MAYER
- c) CINSA

The technical committee formed by Messrs. Tito Livio Carranza, Abelardo Alemán Cerrato and Edmundo Madrid Miranda, recommended the awarding of the supervision contract to the consultant firm Consorcio Maya, as it classified in first place.

Notwithstanding the above, the appraisal committee for the project formed by Messrs. Adolfo Nery Rivera, Roberto Paredes and Hernán Omar Cuevas P., awarded the

supervision contract to the consultant firm CINSA, as no satisfactory agreement was reached with the firm Consorcio Maya. In this regard CABEI gave its approval on June 1, 1977, in letter TIV-282/77 addressed to the Minister of Culture, Tourism and Information.

Contract for archaeological services was signed on May 1, 1977 with Dr. Claude F. Baudez, head of the archaeological project. Likewise, contract was signed with the consultant firm Consultores Urbanos, S. de R. L. for the execution of the sub-project known as "Centro de Investigaciones Arqueológicas" up to US\$6,037.50.

Progress during this quarter has been satisfactory.

During the July-September 1977 quarter, the consultant firm CINSA performed a cost estimate of redesign of La Entrada-Concepción highway, having obtained a total of L. 1,153,041.00. The Highway Department, through letter AG-No. 552 dated August 1, 1977, confirmed that the order to proceed for the construction of the project to be carried out by the construction firm SAOPIM was issued on July 20, 1977.

The cost estimate for supervision of the La Entrada-Copán project amounts to Lps. 1,197,938.00. According to contract signed on June 20, 1977 between the Government of the Republic of Honduras and the construction firm SAOPIM, the construction cost of the La Entrada-Copán Ruinas highway amounts to L. 12,238,077.35. The firm Ingenieros CONTEC S. de R. L. was awarded the construction of the sanitary sewerage and potable water works for the city of Copán Ruinas.

The Chief of State, through Decree No. 312 dated July 27, 1977, approved the contracting of the Coordinator of the Project, having appointed Mr. Luis Armando Velásquez C. for this position. At the same time, the personnel who will

work permanently at the Coordinator and Executor Unit of the Project such as Accountant, Secretaries, driver, was appointed.

The following progress was achieved at the project during the October-December 1977 quarter:

- All field surveys and explorations in La Entrada-Concepción Section, with a length of 20 kilometers, have been completed. The redesign of same is completed in approximately 30%.
- The Contractor of La Entrada-Copán Ruinas Highway has established two working points: the first one in La Entrada-Concepción Section wherein 6,720 cubic meters have been moved in the first 4 kilometers. The second working point is located in Concepción-Copán Ruinas Section, wherein a total of 14,625 cubic meters have been moved between Kilometers 39.6 and 42.0.
- In the urban work the contractor established four points, as follows: Construction of the civic building, potable water system, sanitary sewerage system and construction of the center for archaeological investigations. It is estimated that the physical progress of the work ranges in 20%.
- At present 8 professionals are working in archaeology. The lack of financial resources is causing serious delays to the project in this section, which cannot be compensated because the operations are performed only during summer and the program has been planned to be performed in two summers. It is expected that the problem will be aggravated with the arrival of the rest of the scientific personnel, as each one works in different activities and, consequently, ^{needs} /his own personnel and own input which at present cannot be quantified.
- The results at the end of December are satisfactory.

During the January-March 1978 quarter the work performed at the project consisted of: Cleaning and grubbing, Unclassified excavation, Subbase, Crushed Base, Installation of pipe, Excavation of Natural Ground, Boxes, Masonry, Bridges, Excavation of Bridges.

In the sections between the stations 38/600 to 40/600 and 35/700 to 37/800, the problem of underground water was encountered in the areas of filling and cutting. As a solution to the above, special ditches have been designed in some sections and subdrainages with drilled pipe.

On the month of February the time elapsed in the construction of the highway amounted to 30%, equivalent to 223 days, with a remainder of 70%, equivalent to 507 days of the total. The work scheduled to that date was US\$1,750,000, of which only US\$502,377.00 was performed, corresponding to only 8% of the total contract price for construction, which amount is US\$6,119,038.50. The quality of the work is satisfactory, but its progress, however, is unsatisfactory.

Due to the above, Mr. Alberto Díaz Lovo, representative of the construction firm SAOPIM, has promised to provide more machinery and equipment to the deficient sections, to solve such problems.

The project is being normally supervised. The La Entrada-Copán project was visited by Engineers Carlos Alvarado Salgado of the Ministry of Communications and Public Works, Napoleón Bográn of CINSA and Alberto Díaz Lovo of SAOPIM. Likewise, and in order to activate the disbursements of the project under the loan signed between the Government of Honduras and CABEL, a meeting was held with the attendance of the following officials:

Luis A. Velásquez	Coordinator of the Project
Agustín Córdoba	Administrator of the Project
Angel R. Ordóñez	Head of the Public Credit Office of the Ministry of Finance

Officials of CABEI:	Armando Astorga	TIV
	Tulio Martínez	TIV
	Manuel Lepe	UNIDES
	Rafael Melara	UNIDES
	Luis Rojas	SAFI
	Rigoberto Merino	ORH
	José María Gálvez	ORH

In letter No. PC-296 dated February 28, 1978 Mr. Luis Armando Velásquez Colíndres, Coordinator of the Project, requested that the Minister of Culture, Tourism and Information, Lieutenant Colonel Erin O'Connor Bain negotiates the extension of the cost of the La Entrada-Copán Ruinas Highway Project in the amount of US\$604,460.70, due to some changes that have to be made in the construction of such highway, as recommended by the consulting firm CINSA and the construction firm SAOPIM. The Ministry of Communications and Public Works, through the Highway Department, issued a favorable opinion to such change, and CABEI, at the same time, has stated its interest in such amendment.

Besides the above, Governmental Decrees Nos. 6 and 7, dated January 9 of this year were received, approving contract for the construction of the potable water and sanitary sewerage systems for the city of Copán Ruinas, signed with the firm Constructores Técnicos, S. de R. L. CONTEC, in the amount of US\$547,190.19; for the construction of the Honduran Center for Archaeological Investigation, signed with the firm Constructores Técnicos, S. de R. L. CONTEC up to US\$75,000. Besides, the contract signed with CONTEC for the construction, extension and improvement of buildings, remodeling of the park, stone paving of streets and highway marking of the city of Copán Ruinas, up to US\$376,730.32, was received.

Besides the above contracts, there are others of lesser amounts signed in the Archaeological Program of the project, such as: For the rent of the house for the scientific and technical personnel of the project, contract for professional services for the

administration of the Archaeological Project, contract for professional services signed with the Epigraphic Archaeologist of the Archaeological Project.

During the April-June 1978 quarter the project was visited by the following persons:

Lieutenant Colonel Erin O'Connors B., Minister of Tourism and Information

Luis Armando Velásquez, Engineer, Ministry of Tourism and Information

Carlos Alvarado Salgado, Engineer, Ministry of Communications, Public Works and Transportation

Roberto Romero Larios, Engineer, Ministry of Communications, Public Works and Transportation

Roberto Pineda C., Engineer, Ministry of Communications, Public Works and Transportation

Manuel Pon, Engineer, Ministry of Tourism and Information

Claro Enamorado, Engineer, SANAA

Mr. Efraín Vallejo, SANAA

Alberto Díaz Lobo, Engineer, SAOPIM,

Lieutenant Colonel Jorge Colíndres, SAOPIM

Roberto V. Pineda, Architect, CINSA

José D. Velásquez, Engineer, CINSA

Tulio Martínez, Engineer, CABEI

It may be said that the quality of the work at the various sections of construction of the project is acceptable; however, the progress of same is not satisfactory, as for example in the remodeling of the Municipal Palace, potable water and sewerage, stone paving of central area of the city of Copán. It is considered that the total cost of the construction work performed at the end of the April-June 1978 period exceeds the amount of US\$1.7 million.

3) VOLCAN POAS in Costa Rica

This project consists in the development of a tourist zone in Volcán Poás, which is located 60 kilometers from the city of San José, through a park that will have an approximate size of 4,500 ha.

The Government of Costa Rica, through letter dated May 15 signed by the Minister of Agriculture, requested a loan to develop several national parks, including that of Volcán Poás. The estimated cost for the development of this park is US\$ 600,000; however, further estimates have reached the amount of US\$ 1,150,000, according to the following detail:

Installations within the park	US\$ 500,000
Access road and parking area	500,000
Final engineering and supervision	<u>150,000</u>
TOTAL	US\$1,150,000

The Board of Directors of the Bank declared eligible of financing the tourist development of the park of Volcán Poás, through Resolution DI-73 dated June 3, 1975.

In the course of the month of September, 1975, the Bank contacted the Government in order to appraise the condition of the studies performed, and concluded that for the work within the park the studies already prepared are sufficient, and that the only matter pending is the completion of the plans for the access road, for which the Ministry of Public Works and Transportation will supply the corresponding services. In case the Ministry fails to do so, the Servicio de Parques Nacionales, through the preinvestment fund of BID handled by OFIPLAN, will contract a private group for this purpose. The Bank has accepted in principle to reimburse with the investment loan the cost of the study for the road.

On October 1975 the Government sent to the Bank the draft of notice and the terms of reference for qualification procedure to

contract the services of the coordinator of the project.

The Government definitely selected the alternative of financing the coordinator through preinvestment funds of IDB handled by OFIPLAN and the Bank provided advice in this regard in the month of November 1975.

On November 1975 ROCAP expressed its opinion on technical, tourist and ecological aspects of the project and required the official submittance of the project, as provided for in Loan Agreement AID-013.

During the January-March 1976 quarter, the Volcán Poás Park project has had satisfactory progress and CABEL has approved a loan in the amount of US\$ 1.8 million for its development.

With regard to the project itself, it is expected that the initial work will start in April of this year and a period of 24 months is estimated for its execution.

The execution procedure will be carried out through public bidding. The project is in the stage of selection of consultants, through prequalification for the performance of designs, projects, supervision of buildings, supervision of highway construction, rate studies, etc.

Dynamism and good will are noted on the agencies of the GOCR participating in this project to succeed in the development of same.

During the April-June 1976 quarter, great progress was experienced regarding the negotiations of prequalification and qualification of consultant and construction firms, having accepted the consultant firm represented by Eng. Luis A. Quiroz, it being a Costa Rican firm. At present the prequalification and qualification of the construction firm are under negotiation.

Besides, the study prepared by the Instituto Costarricense de Electricidad for the installation of the telephone service in Volcán Poás was received.

The agencies of the Government of Costa Rica are working very rapidly on the development of Phase I of this project. On May 24, 1976, CABEL signed a loan for the development of this project with the Government of Costa Rica in the amount of US\$ 1,800,000.

During the July-September 1976 quarter two meetings were held, the first during the days from July 20 to 22, with the attendance of officials from AID, Eng. Carlos Crawe, Eng. Eriberto Rodriguez and the Economist Luis Rojas; the Coordinator of the Project, Eng. Luis Quiroz, the Deputy Director of National Parks, Luis Méndez and Eng. Genaro Estrada official of CABEL. The following matters were discussed at this meeting:

- a - Exclusion from prequalification for consultants of 12 U. S. A. firms that sent documents.
- b - Objection to the participation of some local firms.
- c - Revision of the terms of reference of the project, prepared by the Dirección de Parques Nacionales.

The second meeting was held on August 10, 1976, with the attendance of Eng. Eriberto Rodríguez, from AID, Eng. Luis Quiroz, Coordinator of the Project and Eng. Edgardo Durón, official of CABEL. The meeting was held in order to review the terms of reference for the consulting work of Volcán Poás project.

In letter TIV-579/76 dated August 10, 1976 CABEL informed AID/ROCAP of having accepted the decision of the GOOCR of declaring void the contest for prequalification of consultants for the project, and its intention to reopen it again. The new date established by common agreement with the Servicio de Parques Nacionales for delivery of documents for prequalification of consultants and construction firms was September 17, 1976 at 2:00 p.m.

The prequalification notices have been published in the whole Central American area as well as in the United States of America, it being concluded that the action of the GOOCR, CABEL and AID has

been meritorious.

The project is still under the stage of prequalification of consultant and construction firms for civil work.

During the October/December 1976 quarter, the sub-borrower, GOCR, complied with most of the conditions precedent to disbursements required by the loan contract. Also substantial progress was achieved in the development of the project, such as the preparation and approval of:

- a. Work contract for the coordination and supervision of the execution of the work of the Volcán Poás National Park.
- b. Publishing of notices for prequalification of firms.
- c. Form for prequalification of contractors.
- d. Terms of reference for the contracting of consultant services for the work of the project.
- e. Special specifications for the construction of roads, highways and bridges; design standards for the construction of highways, general conditions for the construction contract; plans of the project.
- f. Rental rates in force account work.
- g. Forms of proposal for the bidding, construction of the Poasito-Volcán Poás project.
- h. Pre-execution and execution schedule of the Volcán Poás Park project.

Also a meeting was held on December 1, 1976 by officials of AID, Mr. Luis Quiróz of the National Parks Service of Costa Rica and Mr. Edgardo Durón of CABEI.

During the January-March 1977 quarter, the following progress was observed:

Notices for Bidding No. 7137-7138/77 for the construction and supervision of the Poasito-Volcán Poás highway were published.

CABEI, in letter dated March 10, 1977 approved the contract for the coordination and supervision of the execution of the work of Volcán Poás National Park Project, which was signed on February 11 by Doctor Rodolfo Quirós Guardia, Minister of Agriculture, and Eng. Luis Alberto Quirós Luque, Coordinator.

The following consultant firms prequalified for this project:

Group I: (For supervision of the construction of the access road and supervision of the roads, sidewalks and parking areas inside the park):

Consorcio Cisneros y Conrado Cía. Ltda. e INNSA
Chas. T. Main International Inc.

Guillermetry, Ortíz y Asociados

Group formed by PAI Consultores Asociados, S. A. E. C.

Ernst International y Chas. T. Main International Inc.

Ingenieros de Centroamérica Ltda. (INDECA)

Consultécnica, S. A.

Group II: (For design and supervision of the buildings, transmission lines for electric power, pipe and perimeter fence):

Guillermo Madriz de Mezerville and Asociados

Arquistudio

Consultécnica

Group formed by PAI Consultores Asociados, S. A.

Ernst International and Chas T. Main International Inc.

Ingenieros de Centroamérica Ltda. (INDECA)

Chas T. Main International

Diseños y Proyectos, S. A. DYPSA

EDAW Inc.

Group III: (For the financial and rate analysis of the project):

Consultora Dinámica Industrial, S. A.

Chas T. Main International Inc.

Servicios de Consultoría Agroindustriales, S. A.

Copy of the final report of the Appraisal Committee for proposals of consultant services was received, having invited the following firms selected to submit their economic proposals:

a) Architect G. Madriz from Mezerville y Asociados, S. A., qualified in first place for Group II and b) Servicios de Consultoría Agroindustriales, S. A., selected in first place for Group II. The Committee's opinion with regard to Group I is pending.

During the January-March 1977 quarter, slowness was noted in the contracting of the consultant services, as the backing of the corresponding budget allocation after the prequalification is needed.

Outstanding activities during the April-June 1977 quarter were:

- I Consulting contract was signed between the Government of Costa Rica and Mr. Guillermo Madriz of Mezerville y Asociados, S. A., up to ₡660,000 (US\$77,283).
- II The contract for the coordination and supervision of the execution of the work of Volcán Poás National Park (II Phase) to be signed between the Ministry of Agriculture of Costa Rica and Mr. Luis Alberto Quiroz Luque, coordinator of the project, was signed on April 20.
- III Construction bids for the project were received from the following construction firms:
 - i) Constructora Carlos Muñoz ₡ 6,534,879 (US\$765,208.00)
 - ii) Constructora Zamora y Quiroz Ltda. ₡ 8,238,655 (US\$964,714)
 - iii) Servicio de Tractores, S. A. ₡ 8,653,854 (US\$1,013,332)
 - iv) Empresa Constructora Rafael Herrera Ltda. ₡ 11,550,250 (US\$ 1,352,488).

The Government of Costa Rica estimated an amount of ₡7,431,903 (US\$870,246.25) for the construction work. Therefore, the Procedures and Specifications Department of the Ministry of Public Works

and Transportation recommended the awarding of the construction work to the firm Carlos Muñoz, S. A. (CAMUSA) as it was the firm that was closer to the amount determined for the construction of the project.

IV CABEI considered acceptable the awarding of the construction contract for the Volcán Poás Project to the firm CAMUSA. However, ROCAP's concurrence will have to be obtained before signing the contract.

V ROCAP's concurrence was requested on June 21 before execution of the consulting contract awarded to the firm Servicios de Consultoría Agroindustriales, S. A., which shall be in charge of the financial and tariff study of Group III of the project.

During the July-September 1977 quarter the most outstanding events of the project were as follows:

On July 8, 1977 ROCAP approved the awarding made by the Government of Costa Rica of the construction contract to the construction firm Carlos Muñoz, S. A., in the amount of
₡ 6,534,879.00

The items on which formal proposals are available of the phases contracted for the Volcán Poás National Park Project, are:

1)	Coordination of the Project	₡	699,000
2)	Consultants Group III		80,000
3)	Consultants Group II		660,000
4)	Construction of the highway		6,534,879
5)	Electric calculator for supervision equipment for the highway		<u>5,000</u>
	Total	₡	7,978,879

Letter No. 2328 from the General Comptroller of the Republic of Costa Rica, approving the contract for consultants of Group III signed between the Ministry of Agriculture and the firm Agroindustriales, S. A., in the amount of ₡80,000 was received on September 28, 1977.

Contract for the construction of the Poasito-Volcán Poás highway was signed on August 12, 1977 between the Ministry of Agriculture and the construction firm Carlos Muñoz, S. A., in the amount of ¢ 6,534,879.00

During the October-December 1977 quarter the technical analysis of proposals for prequalification No. 2-77 for the contracting of the consultants services was held, and the following firms qualified:

- | | |
|--|--------|
| a) BEL Ingeniería, S. A. | 74.47% |
| b) CONSULTECNIA | 73.63% |
| c) G. Madriz de Meserville y Asociados | 74.69% |

The following firms were not qualified: Indeca Ltada and Cisneros y Conrado, the first one with a low qualification and the second for not complying with the provisions of the terms of reference.

The appraisal committee for bids to qualify the firms was formed as follows:

Mr. Guillermo Alvarez M., Engineer, Assistant Director of Port Works of the Ministry of Public Works and Transportation.

Mr. José María Rodríguez, Chief of the Planning Office of the National Parks Service.

Mr. Carlos Corrales, Engineer, Department of Irrigation and Drainage of the Ministry of Agriculture and Livestock.

Mr. Alberto Quirós Luque, Engineer, Coordinator of the Project.

In letter TIV-84/77 dated December 30, 1977, CABEI approved the awarding of the contract to Guillermo Madriz de Mezerville y Asociados.

During the January-March 1978 quarter negotiations took place for the contracting of firm for the execution of the work.

It is worthwhile mentioning that the bidding for the awarding of the consulting services was published in No. 192 of the official newspaper La Gaceta, on October 5, 1977, the closing date for such bidding being November 9, 1977 at 8:30 a.m.

The Bank approved the awarding to the firm Guillermo Madriz de Mezerville y Asociados, S. A., of the consulting of the work of the Volcán Poás National Park Project.

Consulting contract was signed between the Ministry of Agriculture and Livestock of Costa Rica and the firm Guillermo Madriz de Mezerville y Asociados, S. A., up to US\$77,283.37.

During the period it was noted that the contract for the coordination of the work signed by Mr. Luis Alberto Quiróz Luque (Coordinator) was modified in its clause regarding the working hours, which means that now it is whole time instead of part time and, therefore, its monthly cost amounted approximately to US\$3,053.15.

Phase II will last 18 months during which time Mr. Luque will be performing his duties.

During the April-June 1978 quarter the project was visited by Mr. Alejandro Sundermann, Engineer of AID/ROCAP, Arch. José María Rodríguez and Mario Boza, Lawyer, Guillermo Madriz, Architect, Coordinator, and Mr. Edgardo Durón, Engineer, official of CABEI. The progress and quality of the project work are considered satisfactory. The time elapsed at the end of the month of July ranges around 25% of the term scheduled for the construction. Installation of culvers, fencing, excavation, filters for pipe subdrainage were performed during the period.

The physical construction of the work, according to the scheduled estimates amounts to 31%. Likewise, consulting services have been performed in approximately 11%, the main work having been concentrated in revision of existing plans, topographic surveys, soils studies and general electricity, mechanical and heating studies.