

UNITED STATES GOVERNMENT

# Memorandum

UNCLASSIFIED

5960045(4)  
PD-FAB-996-B1  
5960045005302

DATE: Aug. 7, 1974

TO : LA/DR - AID/W  
FROM : Warren Wolff, CDO/ROCAP  
SUBJECT: A.I.D. Loan No. 596-L-013  
Tourism Infrastructure

(596-043)

7p.

Enclosed please find two copies of the Quarterly Progress Reports No. 2 and No. 3 for the periods January-March, 1974 and April-June, 1974. The report is acceptable to ROCAP.

cc: Mr. James Lockard - AID/W

WW:jk

UNCLASSIFIED

**RECORD COPY**

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan





CENTRAL AMERICAN BANK  
FOR ECONOMIC INTEGRATION

E 96-045

AID LOAN Nº 596-L-013

QUARTERLY PROGRESS REPORTS

JANUARY-MARCH 1974

and

APRIL-JUNE 1974

Nº 2  
No. 3

PERIOD

BRONX N.Y.

A. GENERAL ASPECTS

Pursuant to the foreign assistance Act of 1961 the Agency for International Development of the United States and the Central American Bank for Economic Integration of the Central American countries: El Salvador, Honduras, Nicaragua and Costa Rica, agreed to sign the Loan Agreement No. 596-L-013, dated February 28, 1973 in the amount of US\$ 15.0 million. The purpose of the loan is to stimulate tourism development, financing public infrastructure projects and related technical assistance to encourage private investments in tourism industries.

The loan, in addition to a contribution by the Central American countries in the equivalent of 5 million US dollars, enables CABEI to undertake the coordination and financing of the initial steps of a Regional Tourism Development Program.

The twenty million dollar project is to provide funds with which to finance up to 100% of the cost of engineering and construction of tourism sub-projects such as airports, water supply, sewer facilities, access roads, bridges, electricity transmission and generation, telephone systems and ruins restoration.

B. SUMMARY STATEMENTS OF PROGRESS

In the preceding periods, supporting documentation to fulfill the conditions precedent to disbursement of Section 3.01 of Loan Agreement was submitted and approved by ROCAP.

During the present period, January-June 30, 1974, the status of sub-projects is as follows:

TIKAL - GUATEMALA

The project of Tikal National Park was declared eligible of financing by the Board of Directors, according to Resolution DI-29/73 dated February 28, 1973.

The Minister of Finance of Guatemala sent to CABEI a formal loan application, dated March 18, 1974, in the amount of US\$ 7,076,000 to finance the tourism development of Tikal National Park.

The Infrastructure Department has analyzed the project of tourism development of Tikal prepared by the Secretaría General del Consejo Nacional de Planificación Económica of the Government of Guatemala and concluded that this report only covers preliminary estimates, feasibility study and general information and needs to be extended in details, quantities of work, in order to serve for the preparation of a loan paper to be submitted to the Board of Directors of the Bank. During the month of August a mission from CABEI will visit the Secretaría del Consejo de Planificación, Instituto Guatemalteco del Turismo, Instituto de Antropología e Historia y Fomento de Desarrollo del Petén in a combined meeting in order to prepare the schedule to finish the necessary designs for the infrastructure projects and prepare the loan paper to be submitted to the Board of Directors in the month of October, in order to have a loan at the end of the year for the commencement of the work early next year.

#### ICACAL - EL SALVADOR

During the period of this report, the Government of El Salvador made the decision to postpone the tourism development of ICACAL until a general country appraisal of Tourism possibilities is completed. The Government contracted Robert Nathan Associates, consultant firm, to undertake such study. The financing of this study will be carried out with funds from the Interamerican Development Bank (BID).

CABEI maintains the promotion activity in order to make the tourism project of Icacal the first to be completed in the study undertaken by the consultants. The Bank was informed by its Representative in El Salvador, who assisted to the SIAP meeting held in Washington during May, that the Executive Secretary of the Planning Council of El Salvador had informed that Icacal was no longer under consideration as a tourism project and that a feasibility study was under way, financed by BID, that will cover the whole country (general study). CABEI expressed its concern that Icacal project was a part of the Central American Tourism Development Program approved by all the countries

of Central America, including El Salvador, and the Bank has no official knowledge of the setting aside of such project. The Executive Secretary of the Planning Council of El Salvador informed that they have received a loan from BID for the feasibility study and that the infrastructure development will also be financed by BID and request that the project of Icacal be eliminated from CABEI's list. Up to now CABEI has not had any official notification of the above matters. As soon as any new development comes out, ROCAP will be promptly informed.

TORNASAL, COPAN RUINS AND ROATAN ISLAND - HONDURAS

The Government of Honduras signed a contract dated March 22, 1974 with Robert Nathan Associates to undertake a feasibility study of Tornasal, Copán Ruins and Roatán Island. The study is underway and will be completed in 12 months from contract date. The financing of this study in the amount of US\$ 350,000 is granted by CABEI with funds other than AID.

On May 3rd, promoted by CABEI, a meeting was held at the Bank with officials of the Instituto Hondureño de Turismo, Ministerio de Obras Públicas, Instituto Hondureño de Antropología e Historia and Consejo Nacional de Planificación, in order to extend the proposal of tourism infrastructure that had been made by the Instituto de Turismo. A preliminary decision was taken to eliminate the airport in Tornasal and make more improvements in Copán. The new estimated budget for the project in Honduras is as follows:

Paved road to Copán Ruinas	\$ 2,400,000
Ruins Restoration at Copán	500,000
Copán Infrastructure	500,000
Tornasal Infrastructure	2,000,000
Roatán Road	500,000
Roatán Airport	500,000
	<hr/>
TOTAL	6,400,000

This new conception of the project in Honduras is in the stage of study and preliminary estimates by all the agencies and as soon as it is in a formal stage, will be submitted to consideration of ROCAP in writing, with all the supporting information and details.

### SAN JUAN DEL SUR - NICARAGUA

After CABEI was informed that there was a tendency in Nicaragua to change the tourism development of San Juan del Sur and go back to the old idea of Managua, CABEI's representatives approached officials of the Government and the result was a confirmation of maintaining the tourism pole in San Juan del Sur, an immediate action by the Ministry of Finance and the Dirección General de Turismo of Nicaragua, to submit in the month of July an application for the financing of a feasibility study for San Juan del Sur. Terms of Reference and technical assistance have been given to the Dirección General de Turismo, and it is expected to accelerate this loan and start the studies in the following quarter.

It is intended that this study for Nicaragua, which cost is estimated in \$500,000 be financed \$300,000 from 013 and the rest from CABEI's funds, in order to accelerate disbursement for that loan, all in compliance with the estimated loan budget.

### BAHIA DE CULEBRA AND LIBERIA AIRPORT - COSTA RICA

The Board of Directors of the Bank, in Resolution DI-14/74 dated April 24, approved a loan in the amount of US\$375,000 to the Instituto de Turismo, to finance a feasibility study of the Bahía de Culebra tourism development. The same day also approved, by Resolution DI-38/74, a loan of US\$125,000 to the Government of Costa Rica, for the preparation of a Master Plan for the development of the airport of Liberia, which is intimately related to all tourism development in the area of the Península de Guanacaste in Costa Rica, and specially to the project of Bahía de Culebra.

The loan for the airport of Liberia was signed on June 7, 1974 and Terms of Reference for the study have been approved and the Government selected consultant firms and will invite the best qualified to submit technical proposals in the near future.

In relation with the loan for the tourism pole of Bahía de Culebra, the loan is expected to be signed in the month of August and CABEI has assisted the Instituto Costarricense de Turismo with Terms of Reference for the selection of the consultant firms. It is expected

that the combined studies will be commenced in the month of September.

Both loans have been financed with funds other than AID.

#### PERSONNEL TRAINING

Board of Directors Resolution DI-81/74, dated May 24, 1974, authorized CABEI's Administration to invest funds in multi-national projects like tourism development. The Economic Promotion and Investment Department prepared Terms of Reference to invite consultants to undertake a Central American study to determine needs and cost estimates for personnel training in the field of tourism.