

PANAMA

SECTOR:	Sanitation
PROJECT NAME:	Program to Support Restructuring the National Water and Sewer Utility (1029/OC-PN)
TOTAL COST:	\$65 million
FINANCING:	
IDB	\$45 million
LOCAL	\$20 million
DATE OF APPROVAL:	July 30, 1997
GENERAL DESCRIPTION:	<p>The program will consolidate the process of reform of the water supply and sanitation sector and its institutional structure in order to achieve efficient and sustainable quality service. It consists of three subprograms: (a) restructuring the public utility; (b) rehabilitation; and (c) ancillary activities.</p> <p>The first subprogram includes: (a) creation of <i>the Sociedad Anónima de Panamá Metropolitano</i> Corporation and downsizing of <i>Instituto de Acueductos y Alcantarillados Nacionales</i> (IDAAN) staff; and (b) the sale of at least 51 percent of the capital stock of the Corporation to a strategic operator in the private sector that would handle water and sewer service in Metropolitan Panama City.</p> <p>The second subprogram will finance rehabilitation of systems that are needed immediately to start the process of reducing unmetered water, managing demand, improving water quality, and making distribution more efficient in Metropolitan Panama City and rural areas. It will also include a component for community education and promotional activities during the rehabilitation works.</p> <p>The third subprogram includes: (a) actions to support the participation of the Corporation as a user of water resources of the Interoceanic Region Basin, and of the Ministry of Health (MINSa) as the agency in charge of water quality assurance; and (b) preparation of a sanitary sewer master plan and feasibility studies for Panama City that are consistent with the plans for storm drainage and solid waste management.</p>
CONSULTANTS:	<p>Consultants will be hired to undertake the following activities: (a) provide management and technical supervision related to corporate restructuring and private sector participation (International Competitive Bidding-ICB); (b) supply technical assistance related to the sale of the Corporation's capital stock (an integrated investment bank, ICB); (c) carry out sector planning in the areas of solid waste and rural water supply (ICB); and (d) develop the master plan for the Panama City sewer system and conduct feasibility studies (ICB).</p>
CIVIL WORKS:	<p>The following works will be financed under the program: (a) works to reduce and control unmetered water, including the purchase and installation of 55,000 household meters and 52 system metering stations (ICB); (b) rehabilitation of the Miraflores pumping plant (a one million gallon reserve tank), 15 kilometers of water mains, pipes and household connections, (ICB); (c) rehabilitation of the El Caimito treatment plant, groundwater pumping plants, an 800,000 gallon reserve tank, 33 km of water mains, pipes and household connections (ICB); (d) rehabilitation of a 300,000 reserve tank (ICB); (e) rehabilitation of the Panama City pumping plant, treatment plant,</p>

and Chilibre 66-inch and 60-inch supply main, repumping plants, and reserve tanks (ICB); and (f) works to optimize distribution, including replacement of 1,218 control valves (ICB).

EXECUTING AGENCY:

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