

Japan International Cooperation Agency (JICA)

Panama Institute of Tourism (PIAT)

The Republic of Panama

The Study
of
**Tourism Development
in the Coastal Area
of the Republic of Panama**

Final Report
Summary

October 1995

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Preface

In response to the request of the Government of the Republic of Panama, the Government of Japan decided to conduct The Study of Tourism Development in the Coastal Area of the Republic of Panama and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA sent a study team to Panama three times between March 1994 and July 1995. The study Team was headed by Mr. Takeshi Yoshida and composed of members of Yachiyo Engineering Co., Ltd. and Pacific Consultants International.

The team held discussions with the officials concerned of the Government of Panama, and conducted field surveys at the study area. After the team returned to Japan, further studies were made and the present report was prepared.

I hope that this report will contribute to the promotion of the project and to the enhancement of friendly relations between our two countries.

I wish to express my sincere appreciation to the officials concerned of the Government of the Republic of Panama for their close cooperation extended to the team.

October 1995



Kimio Fujita
President

Japan International Cooperation Agency

October 1995

Mr. Kimio Fujita
President
Japan International Cooperation Agency
Tokyo, Japan

Dear Sir,

Letter of Transmittal

We are pleased to submit to you the report of The Study of Tourism Development in the Coastal Area of the Republic of Panama. The report includes the advises and suggestions of the authorities concerned of the Government of Japan and your Agency as well as the comments made by the Panamanian Institute of Tourism and other authorities concerned in the Republic of Panama. The report consist of a Summary and a Main Report.

The report deals with the present and future conditions of tourism development in the coastal and waterfront areas of Panama. There were three objectives: one of which was to prepare a Long Term Development Plan for the coastal area; another to carry out a Feasibility Study on priority projects in selected zones of the Study area; and the last one to prepare a set of institutional arrangement proposals for the purpose of preventing disorderly tourism development.

Panama has many and various natural and cultural resources. The Study proposes a target of two million foreign visitors to Panama in 2010. To achieve this target, the Study proposed development plans for six zones, a tourism promotion plan and an institutional development plan. The social and economic benefits to be realized by the implementation of the Development Plan include high rate of return, the increase of employment opportunities, and foreign exchange earnings. Therefore, it is strongly recommended that the Long Term Development Plan be adopted starting with the implementation of the six selected projects.

We wish to take this opportunity to express our sincere gratitude to your Agency, and the Ministry of Foreign Affairs. We also wish to express our deep gratitude to the Panamanian Institute of Tourism and the Governmental Agencies concerned in the Republic of Panama for the close cooperation and assistance extended to us during the Study. We hope this report will contribute to the development of the Republic of Panama.

Very truly yours,



Takeshi Yoshida
Team Leader
The Study of
Tourism Development
in the Coastal Area
of the Republic of Panama

The Study of Tourism Development in the Coastal Area of the Republic of Panama

Study Duration :

March 1994 - October 1995

Requesting Organization :

Panamanian Institute of Tourism

Outline of the Study

1. Study Background

The Republic of Panama (hereinafter referred to as Panama) is located between the North and South American continents where the Pacific and Atlantic Oceans come closest together. While it is blessed with abundant natural and historic tourism resources, tourism development is limited to the Panama Canal and the Colón Free Zone. Aware of its high tourism potential, Panama has given tourism priority as an important policy in national, social, and economic development from the points of view of creating employment, promoting foreign investment and correcting the differences between regions, and is working enthusiastically towards promoting tourism.

2. Objectives

In order to promote tourism in Panama, the objectives were to carry out formulation of a Long Term Tourism Development Plan including proposal of tourism institutional system and promotion Plan for the Coastal Area of Panama (target year 2010) which has particularly high potential and feasibility studies on priority projects (target year 2002) in selected zones of the Study Area.

3. The Study Area

The study area for the Long Term Tourism Development Plan comprises six zones:

1) Bastimentos, 2) Arco Seco, 3) Farallón, 4) Metropolitana, 5) Portobelo and 6) Las Perlas.

4. Plan Outline

4.1 Long Term Tourism Development Plan

4.1.1 Objectives and Policies of the Plan

From the need for tourism in terms of the national economy and industry, the restrictions and potential for tourism, the possibilities of demand for tourism, the plan objectives were defined as follows: 1) Tourism development to make Panama a new node of international exchange for the 21st century, 2) Economic development through tourism as a leading industry. 3) Rural development as a result of tourism development, and 4) The protection of the environment and cultural heritage to be passed on to the next generation.

As concrete targets to achieve these objectives, the number of foreign visitors was set at 2 million (in 2010) and the number of domestic tourists at 1.5 million (in 2010). These figures were arrived at by evaluating the potential for tourism development of Panama within the Caribbean-Central American region. In particular, to achieve these objectives a Long Term Tourism Development Plan was established based on the policy of 1) maximizing the utilization of local resources and 2) balancing development and conservation.

4.1.2 Plan Proposal

The Long Term Tourism Development Plan for Nation wide firstly proposed a concept plan for national tourism development and then established a long term tourism development for the six study areas.

(1) Proposal of Concept Plan for National Tourism Development

In order to systematize national tourism development, a network for the provision of tourism resources was proposed in the form of a tourism cluster scheme. The major Panamanian tourist areas were classified by type, e. g. marine and coastal nature and highland, and historical and cultural, for resource development. Furthermore, to support this concept plan, a national tourism - oriented transport system and tourist demand distribution system were derived to distribute the targeted tourism demand to each zone according to the plan proposed. The projects for realizing this plan are shown below.

(2) National Transport System for Tourism

For improvement of National Transport System for Tourism, proposed projects are described as follows:

Table 1 Projects for the Setting Up of a National Transport System

	Project Name	New/ Improvement	Term Schedule	Total Estimated Cost (Bt.1,000)
Airports	Chitré and San Miguel Airport improvement (Total 2PJ)	Improvement	Long, Medium	103,698
Roads	New Trunk road (8PJ) Existing Trunk road (2PJ) Inter City Bus Center (1PJ) (Total 11PJ)	New / Improvement	Short, Medium, Long	1,029,192
Railway	Railway Improvement (Total 1PJ)	Improvement	Long	140,000
Total				1,272,890

Note: Bt.1.00 = US\$1.00 = 100.45 Yen (Feb.1,1995) Short Term: 2000, Medium Term: 2005, Long Term 2010

(3) Long Term Tourism Development Plans for Six Study Areas

A long Term Tourism Development Plan was proposed for the six study areas based on the National Tourism Development Concept outlined above. The projects, costs, and schedules for this plan are shown below.

Table 2 Long Term Tourism Development Plan for the Six Study Areas

Zone	Proposed Project Outline	Investment Schedule (Bt.1,000)			Total (Bt.1,000)	Proportion of Total
		Short	Medium	Long		
1. Bastimentos	Formation of West Caribbean coast island type rural tourism core	74,031	133,789	160,812	368,632	13.5%
2. Arco Seco	Formation of colonial/marine type Azuero rural tourism core	65,838	68,684	33,997	168,519	6.2%
3. Farallón	Formation of Central Pacific Ocean coastal metropolitan area tourism secondary core	96,228	242,266	255,397	593,891	21.8%
4. Metropolitana	Formation of Panama international tourism central core	220,354	412,537	266,611	899,502	33.0%
5. Portobelo	Formation of Caribbean coast historical tourism metropolitan area secondary core	90,587	106,109	117,650	314,346	11.5%
6. Las Perlas	Formation of pearl island marine style metropolitan area secondary core	84,110	185,338	120,150	389,598	14.3%
Total		631,148	1,148,723	954,617	2,734,488	100.0%

Note: Bt.1.00 = US\$1.00 = 100.45 yen (Feb.1,1995)

(4) Tourism Development Plan and Strengthening of Systems and Organization

In order to achieve the target of 2 million overseas visitors, the strengthening of activities to attract tourists (establishment of overseas offices, tourism campaigns, cooperation with major tourism operators, construction of information systems) and the strengthening of the legal system and structure (creation of a Ministry of Tourism - promotion of the current Tourism Agency to ministry status and the establishment of a public corporation for Tourism Development, and the promulgation of a Basic Tourism Law and Tourism Development Promotion Law) are vital conditions.

4.1.3 Project Evaluation

(1) Economic Analysis

With regard to the effect on the Panamanian national economy, the increase in tourism revenues (in 2010) is expected to be 1.598 billion balboas, which in its share of GDP means a rise from 2.5% in 1992 to 10.8% in 2010. Regarding employment opportunities, 145,000 new jobs will be created by the year 2010. Viewed from these predicted results, it appears that one of the objectives, economic growth through tourism as a leading industry, will be achieved.

In addition, looking at the expected increase in employment opportunities by zone, the assessment may be made that this will contribute significantly to rural development by helping to redress the differences between regions. Of the 145,000 jobs mentioned above, 71.5% will be outside the metropolitan area.

In the cost-benefit analysis, the economic internal rate of return of the Long Term Development Plan as a whole is 23.9%, while the present value (discounted at 12%) is predicted as 1.275 billion balboas. These figures may be interpreted to confirm the economic soundness of the plan.

Table 3 Economic Evaluation Results

Zone	Economic Internal Rate of Return (%)	Net Present Value NPV (12%)	Incremental Employment Opportunities (person)	
1. Bastimentos	11.8%	-1,956,000	10,687	7.3%
2. Arco Seco	20.3%	53,984,000	5,412	3.7%
3. Farallón	24.3%	255,095,000	28,835	19.8%
4. Metropolitana	25.2%	619,001,000	41,468	28.5%
5. Portobelo	24.5%	142,999,000	18,685	12.8%
6. Las Perlas	28.3%	192,263,000	20,186	13.9%
Other Zone	-	-	20,263	13.9%
Total	23.9%	1,261,386,000	145,536	100.0%

(2) Environmental Analysis

Diverse environmental characteristics exist in the survey areas such as abundant natural resources including biologically precious species, and the impact placed on the environment through the lifestyles and cultures of indigenous peoples (Indio), and agricultural and urban development. However, through the environmental impact assessment and field surveys, we have come to the conclusion that by careful site selection and consideration for the impact on the environment there are no projects which will have a marked detrimental effect on the environment. The environmental factors to be considered in each zone are shown below.

Table 4 Environmental Considerations for the Six Zones in the Long Term Tourism Development Plan

Zone	Environmental Considerations
1. Bastimentos	Marine biology resources including manatee, sea turtles and coral reefs, species that have evolved peculiarly due to geographical conditions, wide area mangrove forests, lifestyle and culture of the Indio.
2. Arco Seco	Limited mangrove forest, forest and its ecosystem, eutrophication of rivers by urban wastewater and/or agricultural wastewater.
3. Farallón	Sea turtle nesting area, beach erosion, mangrove forest and its ecosystem.
4. Metropolitana	Eutrophication of rivers and sea by urban wastewater, tropical rain forest.
5. Portobelo	Sea turtle nesting area, historical ruins from the colonial era, coral reefs, tropical rain forest
6. Las Perlas	Fishing grounds of islanders, forest (secondary forest).

4.2 Feasibility Studies of Priority Projects

4.2.1 Selection of Priority Zones and Projects

Farallón, Portobelo and Metropolitana zones were selected as priority development zones because their infrastructure is comparatively developed, and there are expectations of tourism demand in the short and medium term. Farallón and Portobelo were intended to become the first zones to draw tourism development to the rural areas. Within these three zones, 6 projects proposed in the Long Term Development Plan were selected as priority projects.

4.2.2 Projects, Costs, Organization and Economic/Financial Internal Rates of Return

The outlines of the projects are described below, with the various project indices shown in Table 5.

(1) Chame Resort Development

Located at the gateway to the Farallón capital city area, this is a composite coastal resort development centering around international standard accommodation facilities located along the coastline.

(2) Panama Canal Tourism Development

In order to make effective use of the Panama Canal, in other word currently the largest tourism resource, tourism complexes will be established at ten locations along the canal, such as Gamboa, Summit and Punta Toro.

(3) Flower and Green City Development

Work will be carried out to beautify the parks and roads that link the airport with the town centers, with the intention of welcoming visitors to Panama.

(4) Portobelo Tourism Development

Preserving the historic town of Portobelo and redeveloping the tourist areas, hotel development will be carried out at dispersed tourist resorts.

(5) Caribbean Coast Arriba Road Development

A road improvement project for the 78km coastal road stretching between Sabanita on the Panama - Colon highway to Cuango via Portobelo.

(6) Maritime Triangle Development

For the purpose of development of the Las Perlas Islands, this is a project to develop a high-volume high-speed route between the center, San Miguel on Del Ray Island and Panama and the Farallón zone on the mainland.

Table 5 Indices of Various Feasibility Study Projects

Project	Zone	Organization in Charge	Development Cost (million Bl.)	Economic Internal Rate of Return	Financial Internal Rate of Return
1. Chame Resort Development Plan	Farallón	TDC	284.6	19.0%* ¹	19.6%* ²
2. Panama Canal Tourism Development Plan	Metropolitana	TDC	239.8	16.6%* ¹	12.9%* ²
3. Flower and Green City Development Plan	Metropolitana	PUB	32.7	.* ³	.* ⁴
4. Portobelo Tourism Development Plan	Portobelo	TDC	130.1	36.9%* ¹	15.9%* ²
5. Caribbean Coast Arriba Road Development Plan	Portobelo	PUB	42.8	14.0%* ⁵	.* ⁶
6. Maritime Triangle Development	Metropolitana Farallón Las Perlas	PUB/PRI	68.1	.* ⁷	22.2%* ⁸

Note: Bl. 1.00 = US\$1.00 = 100.45 yen (Feb.1,1995)

TDC: Proposed Tourism Development Corporation, PUB: Public Sector, PRI: Private Sector

*¹: Tourism revenue was calculated as a benefit, and compared to development cost

*²: Assuming that the proposed implementation entity, the Tourism Development Corporation (TDC), was in operation

*³: Economic analysis was not applied to the project due to the social benefit of the project

*⁴: Financial analysis did not apply due to non-financial-benefit project

*⁵: Vehicle operating cost and maintenance cost are calculated as a benefits

*⁶: As this road development project has regionally spread benefits, there is no direct profit

*⁷: As transportation infrastructure is essential for tourism development for the Las Perlas Islands, economic analysis was not conducted.

*⁸: A financial analysis considering both port construction and establishment of high speed water transport

4.2.3 Project Evaluation

(1) Economic and Financial Evaluation

The internal rate of return of all projects exceeds the minimum internal rate of return set by Panamanian investment standards of 12%, and they can therefore be considered feasible.

In particular Chame Resort, Panama Canal Tourism Development and Portobelo Tourism Development are comprehensive tourism development projects deserving support also from the viewpoint of the national economy.

(2) Environmental Evaluation

The negative impact of the six projects outlined above and the countermeasures which become necessary in the future are shown below.

Table 6 Negative Impacts and Countermeasures of Feasibility Study Projects

Project	Zone	Negative Impacts and Countermeasures
1. Chame Resort Development	Farallón	In order to preserve the sea turtle nesting areas and the few remaining mangrove forests, the relevant local governments shall establish preservation zoning and guidelines, and enforce them.
2. Panama Canal Tourism Development	Metropolitana	This is an area possessing abundant flora and fauna, including tropical rain forest. Soil erosion caused by land preparation and rain forest felling will be minimized at the planning stage.
3. Flower and Green City Development	Metropolitana	This project centers around planting trees to improve urban landscape and improvement of tourist information services, so is deemed to have no impact.
4. Portobelo Tourism Development	Portobelo	Preserving the historical town of Portobelo will result in relocation of citizens, so compensation for relocation will be required. In addition, zoning and guidelines for the preservation of the coastline and coral atolls where sea turtles nest, mangrove forests, and historical ruins, are to be established by local governments.
5. Caribbean Costa Arriba Road Development	Portobelo	In order to prevent soil erosion caused by cut and fill operation, treatment of wastewater during construction and the landscaping of slopes will be incorporated into plans.
6. Maritime Triangle Development	Farallón, Metropolitana, Las Perlas	Fishing port will be restricted (Farallón) and fishing grounds will be used (Las Perlas), so arranging compensation to fishermen should be necessary for this project.

The Study of
Tourism Development in the Coastal Area of
the Republic of Panama

Final Report : Summary

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I. Study Background and Objectives

1. Introduction

In response to the request of the Government of the Republic of Panama, the Government of Japan decided to conduct the study of Tourism Development in the Coastal Area of Panama (hereinafter referred as "the Study").

Accordingly, the Japan International Cooperation Agency (hereinafter referred as "JICA"), the official agency responsible for the implementation of the technical cooperation programs on behalf of the Government of Japan, undertook to conduct the Study.

JICA sent the preparatory Study Team to Panama, headed by Mr. Teiji Iwasaki in December of 1993 in order to conclude the implementing arrangements as well as the scope of work for the study, which were subsequently agreed upon between Panamanian Institute of Tourism (hereinafter referred as "IPAT"), and JICA.

2. Objectives and Scope of the Study

The objectives of the Study are as follows:

- To prepare the Long Term Tourism Development Plan for the Coastal Area of the Republic of Panama with the target year of 2010.
- To carry out a Feasibility Study on priority projects in selected zones of the Study Area
- To prepare a set of institutional arrangement proposals for the purpose of preventing progress of disorderly tourism development.

3. The Study Area

The Study Area consists of coastal areas and waterfront areas including the main study zones and survey sites described below and mapped out in Fig.1.2.

Tab. 1.1 Study Area

Types	Zone name	Provinces
Study zones	1. Bastimentos	Bocas del Toro
	2. Arco Seco	Herrera, Los Santos
	3. Farallón	Panama, Coclé
	4. Metropolitana *	Panama, Colón
	5. Portobelo	Colón
	6. Las Perlas	Panamá
Survey sites	1. Coiba**	Veraguas
	2. Escudo de Veraguas Island	Bocas del Toro
	3. Horcoconitos ***	Chiriquí

* Metropolitan and Canal Reverted Area

** Coiba National Park

***Horcoconitos and Las Lajas beaches

4. Study Organization

To conduct the Study, JICA has organized both the Advisory Committee chaired by Mr.Eiichi Kato (Predecessor: Mr. Teiji Iwasaki), and the Study Team, headed by Mr. Takeshi Yoshida. The government of Panama has formed the Counterpart Team, headed by Ms.Gloria C. de Pérez (Predecessor: Mr. Carlos Guerra) under the Panamanian Institute of Tourism (IPAT). IPAT has organized the Steering Committee to facilitate the progress of the Study. (ref.Appendix)

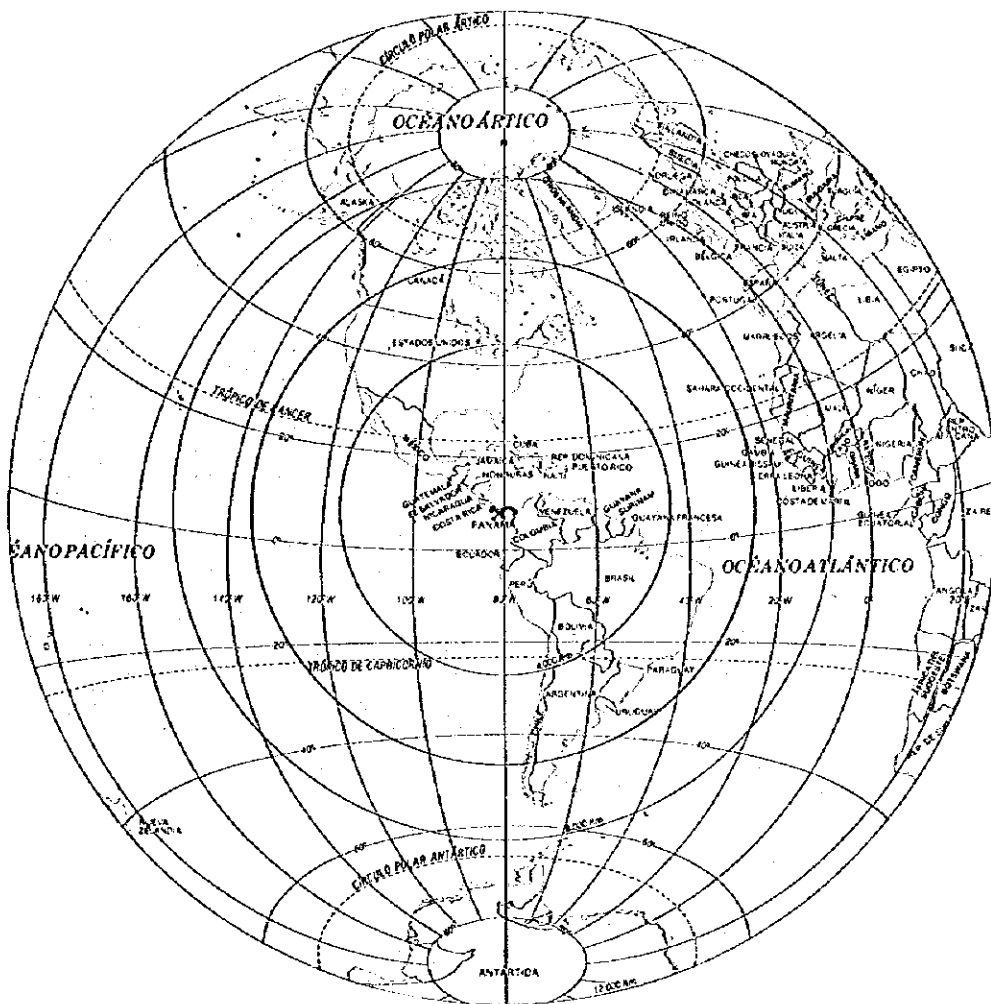


Fig.1.1 Location of Panama

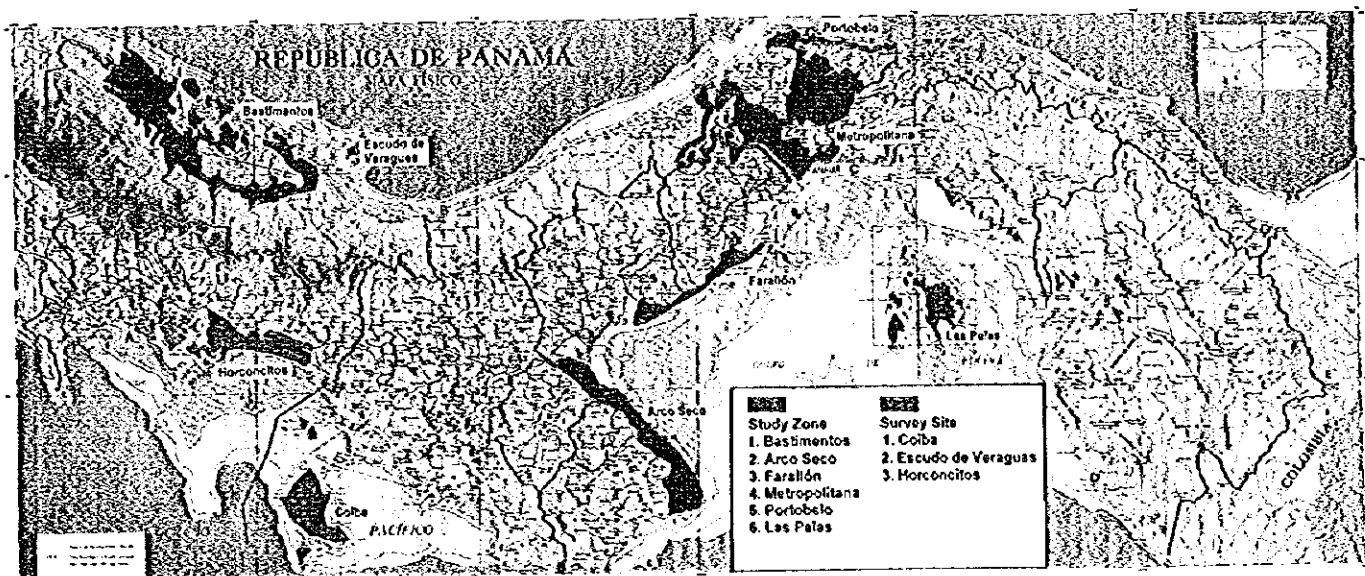


Fig.1.2 Location of Study Area

II. Long Term Tourism Development Plan

1. Profile of Panama and Tourism Development Necessity

1.1 Profile of Panama

(1) Location and Geography

The Republic of Panama (hereinafter simply called "Panama") is located on the isthmus that connects the continents of North and South America and separates the Pacific and Atlantic oceans.

The nation extends for approximately 700 km. from east to west within the boundaries of latitude 7° to 9° North and latitude 77° to 83° West. It has an area of 77,512 sq.km. The mountain range that runs from Costa Rica to Colombia lies in the center of the nation.

(2) Historical Background

The first visitor from the European continent to Panama was Rodrigo Galvan de Bastidas in 1501. Following year, Christopher Columbus visited the Bocas del Toro archipelago on his 4th and last voyage to the new continent. His name lives on in places such as Colón island, Almirante, etc., in Bastimentos zone.

The inhabitants before the discovery of the new continent were influenced by Meso-american culture and Andes culture. Gold decorations and drawn ceramics from this era have been excavated.

In 1513, Vasco Nuñez de Balboa crossed the Panama isthmus and discovered the Pacific Ocean for the first time.

Francisco Pizarro, the famous conquistador who invaded the Inca Empire, prepared his travel to Peru in Panama. After invasion of the Inca Empire, they freighted their treasures to Spain through the Camino Real and the Camino de Cruces across the Panama isthmus. The treasures were exported to Spain from Nombre de Dios and Portobelo (Picture 1) on the Caribbean Sea side.

The pirates attacked these ports from time to time. A British pirate, Henry Morgan, attacked and destroyed old Panama city. The remains of the old city are located to the east of the present city area and are known as the Panama Viejo ruin. The new Panama city, called Casco Viejo (Picture 2), is located in San Felipe district and features colonial style buildings. The colonial heritage rates highly as a tourism attraction.

The Republic of Panama is a relatively young country born in 1903 on the occasion of the construction of the Panama Canal (Picture 3). After Ferdinand de Lesseps's failure on the Canal construction, the United States supported the independence of Pan-

ama and recommenced construction of the Canal. The Canal opened for world wide ship transit and global trade in 1914.

In 1948, a free trade zone was established in Colón City and it has grown into the largest free zone in the American Continent. In the 1970s Panama City commenced activities as an international banking center (Picture 4). At present, there are more than 100 banks from foreign countries within the banking center.

(2) Nature and People

1) Nature

The climate in Panama is principally a tropical humid climate with an annual average temperature of 27 degrees centigrade and annual average humidity of 79%. There are two seasons in the year, namely the rainy season from April to December and the dry season from January to March. Panama is generally free from such natural disasters as hurricanes and earthquakes.

As Panama is in a rain forest zone and the mountains are located in the center, there are many kinds of plants and animals including beautiful, interesting and precious species such as mangrove forest, tropical flowers and trees, coral reefs, manatee, turtles, golden frogs, birds etc.

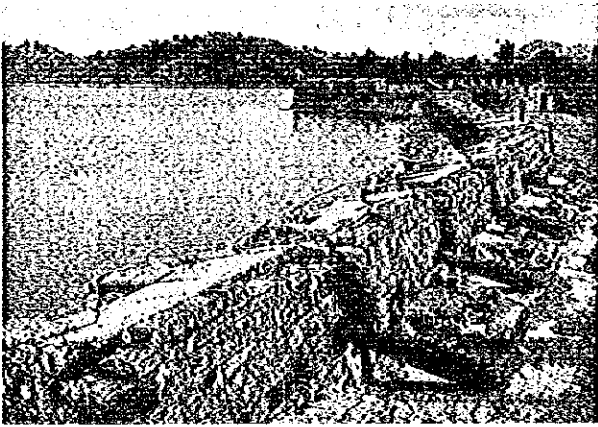
The Panama isthmus is a corridor of flora and fauna connecting the North and South part of the American continent, where abundant and various species are observed. Bird watching at close hand is a special attraction in the rain forest (Picture 5).

2) Population

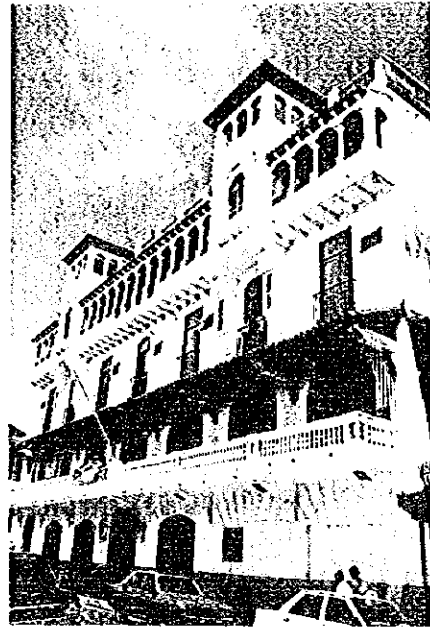
Total population of the Republic in 1990 was 2.3 million and the annual population growth rate was 2.6% in the 1980s.

The proportion of the total population living in urban areas was 53.7% in 1990, an increase of 3.3% from the 1980 figure of 50.4%. Panama province and Colón province represent the Metropolitan region of the Republic of Panama and have a total population of 1.3 million -- 54.7% of the total population of the Republic of Panama in 1990.

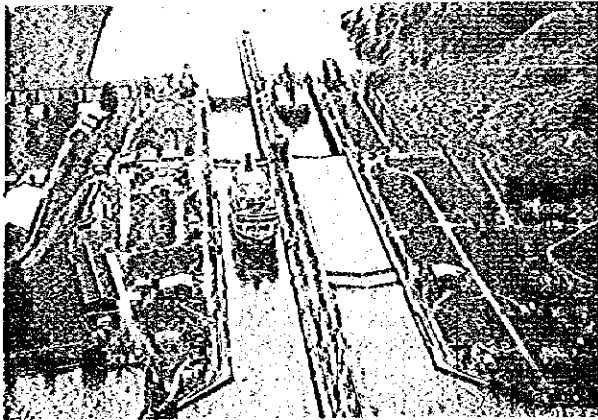
Panama's race structure is varied. A mixture between European (Picture 6) and Indians dominates while there are minority groups such as mixed African and Indians, and native Indians such as Chococ, Kuna, Guaymí, Bokota Teribe, etc. These native Indians inhabit rural areas and have a distinctive culture and life style.



Picture 1: Spanish colonial patrimony, Fort San Geronimo in Portobelo



Picture 2: Spanish colonial atmosphere, Old Town in Panama city called Casco Viejo



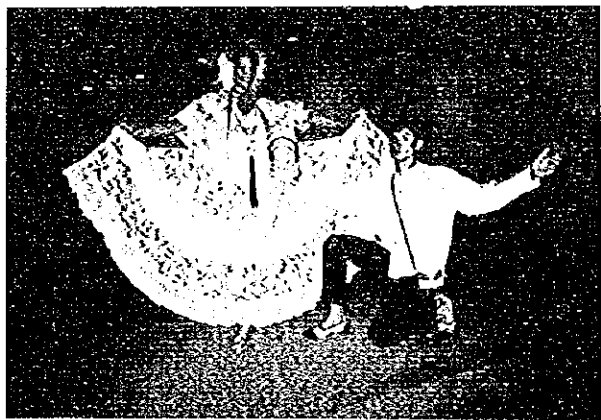
Picture 3: Miraflores Locks of the Panama Canal



Picture 4: Panama city's skyscraper, International Banking Center



Picture 5: Eco-tour; Bird watching in the Tropical Rain Forest of Panama city's suburb



Picture 6: Typical immigrants' folklore dress "Pollera"

Various immigrants from the West Indies, India and China came to Panama as labor when the Panama Railway and the Panama Canal were being constructed. The various racial groups have resulted in the development of distinctive cultures which can be used to promote tourism.

(3) Economy

Panama's Gross Domestic Product (GDP) in 1991 was 5,491 million Balboa which is indicative of the recent strong economic recovery from the political and economic crisis of the end of the 1980's. GDP per capita in 1991 was 2,357 Balboa. In the 1970's Panama's economy enjoyed development, however, in the 1980's growth declined because of the worldwide economic recession and political problems.

The structure of Panama's economy depends principally on tertiary industries such as transport, finance and commerce, in other words, the Panama Canal, International Banking Center and Colón Free Zone.

The primary sector is still the major industry in regional areas, but productivity is low and this is resulting in regional differentials and the concentration of population in the metropolitan area. The wage differentials and high unemployment rate are still issues to be solved in Panama in spite of the economic recovery.

Appreciable development of the secondary sector cannot be expected because of the small domestic market of Panama and relatively high wage level compared to the neighboring countries. In these circumstances development of a new industry in the tertiary sector in addition to the canal, banking center and the free zone is required, in order to reduce the regional differentials, income differentials and to increase employment.

1.2 Necessity of Tourism Development

(1) Tourism Resources and Tourism Activities

Panama, which has many historical resources for tourism, is an isthmus country, where the Pacific Ocean meets both the North and South American Continents, and its abundant shoreline extending over a length of about 700 kilometers from East to West is a treasure-house of marine resources for tourism.

The IPAT compiled a database of Panama's potential tourism resources. The 1,398 items that the database lists, have been broken down into 3 groups. Of these groups, the 678 that comprise the marine and coastal resources, is the largest with 48.5% of

the total, followed by 393 cultural and historical resources (28.1%), and 327 nature and highland resources (23.4%).

The number of foreign tourists peaked in 1980 with 380,000 visitors. Political instability which followed caused the number of visitors by 1989 to be halved to 200,000. However, recently this figure has seen rapid improvements returning to 330,000 visitors by 1993.

(2) Necessity of Tourism Development

Panama has the Panama Canal, International Banking Center, and Colón Free Zone and its economic basis has been dependent on the development of tertiary industries. However, economic activities are concentrated in the metropolitan area causing regional differentials with rural areas which depend on primary industries, having a low productivity. Furthermore, the high unemployment rate (13.2% in 1993) due to the sluggish economy in Panama in recent years must also be corrected.

In spite of the fact that Panama has diversified natural, historical, and cultural resources for tourism, tourism has been left underdeveloped due to the lack of tourism facilities such as infrastructure and hotels and insufficient activities for promotion of tourism.

While the large scale development of secondary industries cannot be expected because the domestic market is small and wages are relatively higher than in neighboring countries, new tertiary industries subsequent to the Panama Canal, International Banking Center, and Colón Free Zone are called for, so it is necessary to correct regional differentials and income differentials and increase employment by promoting tourism development, which will contribute to the social and economic stability in Panama.

2. Development Constraints and Potential (Planning Condition)

2.1 Development Constraints

In Panama, tourism has not yet been positioned as a principal mainstay of the national policy for economic development, so the fact that tourism promotion systems and organizations are insufficient, and infrastructure including transport facilities for the nationwide development of tourism are not well arranged, is a basic restriction on the development of tourism.

(1) Insufficient Tourism Administration

1) Administrative Support System for Tourism

There is no administrative support system for tourism which describes the objectives of tourism development or philosophy of tourism, and effective tourism promotion is required. In this regard, it is necessary to establish administrative support for the planning and implementation of tourism development in order to promote tourism based on national consensus.

2) Lack of Long Term Development Plan for Tourism

In order to promote and develop tourism in Panama, especially the tourism structure, a comprehensive tourism strategy should be formulated from the long-term view point. However, a long term tourism strategy has not yet been formulated and it is therefore necessary to establish a long term tourism strategy in association with the other related sectors.

3) Insufficient Marketing

At present, Central and South Americas provide the key market for international tourism in Panama. A majority of foreign visitors come to Panama for business and shopping. With such a single market, the demand for tourism is unlikely to expand very rapidly. Therefore, the tourism sector in Panama faces many challenges such as expanding its markets in North America, Europe and Asia, attracting foreign visitors for vacation and other tourist purposes, and developing new market sectors such as group tours.

4) Main Organization Responsible for Tourism Development Projects

It is important to ensure that the public and private sectors will establish clear-cut lines of responsibilities and obligations between them. It is also necessary to improve the existing organ or create a new unit responsible for carrying out development projects in the public sector.

(2) Under Development of Tourism Supporting Infrastructure and Facilities

1) Infrastructure Supporting Tourism

The infrastructure supporting tourism remains generally underdeveloped in Panama. The infrastructure is developed only in Metropolitana and Farallón Zones. It is important to improve the transportation infrastructure providing access to other provinces, including air routes, airports, sea routes and roads. In addition, it is essential to construct new power and communication systems as well as new water supply and sewage systems and waste disposal facilities.

The Study must focus on infrastructure development projects that require long term work and aim to produce long-term effects.

2) Tourist Potential to be Commercialized

Panama has many and various natural and cultural resources, a greater part of which are not yet commercialized due to inaccessibility from the metropolitan area, inadequate tourist facilities such as hotels, and a lack of public relations. Therefore, it is necessary to promote the development of regional tourist potential, considering their features and locations.

3) Construction of Hotels and Other Tourist Facilities in Rural Areas

One of the problems is that hotels of international class are concentrated only in the City of Panama. To promote the construction of new hotels in the provinces, it is imperative to formulate a firm policy of regional tourism development, improve the accessibility to tourist spots, construct new facilities necessary for accepting visitors, and establish an incentive system.

2.2 Development Potential

As described above, the delay in nationwide promotion of economic development and tourism development rather contributed to the preservation of high-quality nature and environmental resources, so Panama has diversified and abundant resources for tourism as classified into marine and coastal, nature and highland, cultural and historical, groups (see Tab 2.1, Tab 2.2, and Tab 2.3).

Tab.2.1 Tourism Resources in Panama

Categories	Classification	No. of resources	
Marine and coastal resources	Beach	220	678 (48.5%)
	Coral-reef	41	
	Island	318	
	Fishing spot	54	
	Other coastal	45	
Nature and highland resources	Mountain	23	327 (23.4%)
	Plain	11	
	Lake and lagoon	19	
	River	56	
	Fall	24	
	Cave	6	
	Flora and fauna	98	
	Road	46	
	Hot spring	13	
Park	31		
Cultural and historical resources	Cultural and historical	83	393 (28.1%)
	Folklore	140	
	Industrial and technical	79	
	Event program	91	
Total			1,398

(Located at the geographical center of the North and South American Continents and located at a main access point of land, ocean, and air traffic routes)

- 4) Connected with the "Panama City," a world-famous business and tourism city

(A world-famous base as a business city has already been established enabling the diversified development of tourism in connection with it.)

In this way, it can be judged that Panama has the potential to grow into a prominent tourism country in the Latin American and Caribbean areas.

Tab. 2.2 Tourism Resources by Province

Provinces	Marine-coastal	Nature-highland	Cultural-historical	Total
Bocas Toro	48	41	31	120
Coclé	11	28	18	57
Colón	72	10	40	122
Chiriquí	20	48	38	106
Darién	12	40	34	86
Herrera	4	19	42	65
Los Santos	34	23	64	121
Panama	172	85	80	337
Veragués	43	32	19	94
San Blas	262	1	27	290
Total	678	327	393	1,398

Tab.2.2 Marine and Coastal Resources by Province

Provinces	Coast length(km)		Number of resource			
	Pacific	Caribbean	Beach	Coral	island	Others
Bocas Toro	-	488.3	17	7	3	29
Coclé	93.2	-	10	-	1	-
Colón	-	371.2	33	10	20	19
Chiriquí	284.3	-	11	-	1	7
Darién	345.3	-	1	-	4	7
Herrera	17.5	-	2	-	-	2
Los Santos	200.3	-	26	1	3	14
Panama	406.3	-	101	15	40	31
Veragués	353.5	42.4	19	8	8	16
San Blas	-	385.8	-	-	242	11
Total	1,700.4	1,287.7	220	41	322	136

Although the tourism development in Panama is to be promoted based on these resources, it can be judged that tourism in Panama has an extremely high development potential and advantage as compared with those in peripheral Caribbean areas, which compete with this country, as described below.

- 1) Outstandingly famous name of "The Panama Canal"
- 2) Diversity of resources for tourism
(Peripheral Caribbean areas have diversity and complexity of marine, mountain, natural, historical, and cultural resources)
- 3) "A main access point" of international traffic routes

3. Development Target

3.1 Development Target

Considering the necessity in terms of economy and industry of the tourism development in Panama, development potential (a prominent tourism country in the Latin American area), and the diversity and abundance of resources, targets of tourism development have been set as follows:

- Formation of a new hub for international interchange in the 21st century based on Tourism.
- Creation of tourism as a leading industry to support economic development.
- Rural development as a result of tourism development.
- The protection of environment and cultural heritage to be passed on the next generation.

3.2 Targeted Planning Framework

(1) Socioeconomic Framework

1) Population

The future population has been estimated based on the long-term population projections of the whole country by the National Committee. In 2010, the target year of the Long Term Tourism Development Plan, the country's population is estimated to amount to 3,173 thousand or 1.36 times the population in 1990. The annual growth will gradually slow down from 1.88 % 1990-1995 to 1.26 % 2005-2010.

2) Production

The growth rate of National Gross Domestic Product (GDP) of the country during the planning period of the Long Term Tourism Development Plan up to 2010 has been estimated. The Comprehensive Economic Recovery Program of the Republic and the latest actual economic performance have been reviewed in the estimation.

Tab.3.1 GDP Prospect in Panama (1992-2010)

Year	GDP* (million Bt.)	Annual growth rate	period
1992	2,213	5.5%	1992-1995
1995	2,597	6.8%	1995-2000
2000	3,609	4.0%	2000-2005
2005	4,391	4.0%	2005-2010
2010	5,342		

Note: * Constant price of 1970

Tab.3.2 Sector Contribution to GDP in 1992 and 2010

Sector	1992		2010		Average annual growth rate
	GDP* Share (million Bt.)		GDP* Share (million Bt.)		
Primary	234	11%	335	6%	2.0%
Secondary	321	14%	748	14%	4.8%
Tertiary	1,659	75%	4,259	80%	5.4%
Total	2,214		5,342		5.0%

Note: *Constant price of 1970

3) GDP per Capita

GDP Per Capita is estimated to exceed 3,500 Balboas in 2000, the target year of the Short Term Tourism Development Plan and to exceed 4,500 Balboas in 2010.

4) Employment

Taking into account the labor productivity and the GDP growth projected, 595,000 new job opportunities will be created, namely, 87,000, 91,000 and 417,000 in primary sector, secondary sector and tertiary sector respectively during the period between 1991 and 2010. The unemployment rate in Panama is estimated to reduce from 13.2 % in 1993 to 6.0% in 2010 in the framework.

5) Provincial Population Growth and Labor Force Growth

Among the Provinces, the population of Bocas del toro and Darién will have a considerably high growth rate, twice as high as the country's average of 1.56 %. By 2010, the population of Bocas del Toro and Darién Provinces is estimated to increase by approximately 1.9 times the level in 1990. On the contrary, the population of Los Santos Province is estimated to decline from 79.3 thousand in 1990 to 76.0 thousand in 2010. The growth rates in Herrera and Veraguas Provinces are predicted to be low.

The future labor force has also been estimated based on the population projection by province.

Tab.3.3 Future Population and Labor Force by Province

Provinces	Population projection (persons)		Labor force (1,000 persons)	
	Year 2010	Annual growth rate(%)	Year 2010	Annual growth rate(%)
Bocas	176,801	3.24%	69.0	5.0%
Coclé	210,857	0.99%	89.8	2.2%
Colón	253,806	1.14%	108.1	3.3%
Chiriquí	463,606	1.13%	200.3	2.3%
Darién	82,574	3.22%	32.2	4.1%
Herrera	102,818	0.47%	46.3	1.6%
Los Santos	73,743	-0.21%	35.0	0.8%
Panama	1,591,587	2.00%	725.8	2.9%
Veraguas	217,315	0.335%	92.6	1.5%
Total	3,173,107	1.56%	1,399.1	2.7%

Source: JICA Study Team

(2) Tourism Framework

1) Tourist Forecast Study

According to the analysis results presented in section 2.2, the forecast demand for tourism would result in 2,170,309 foreign tourists and 1,583,747 domestic tourists if the tourist development proposals recommended in this study are implemented (i.e. Planning case). These figures appear reasonable as previously described and the tourism development proposals in this study are therefore based on a total target of 2,000,000 foreign tourists and 1,500,000 domestic tourists in the year 2010.

In addition, in medium term year (year 2000 and year 2005), target of foreign tourist was set for similar incremental ratio as at beginning begins due to achievement of long term tourism development target.

Furthermore, a study by the OEA sets the number of foreign visitors for the target year 2002 to be 1.5 million. The tourism growth rate of our study is a more conservative figure than the OEA study.

Tab. 3.4 Alternative Cases of Tourist Demand
Unit: 1,000 persons

Year	Foreign tourists			Domestic tourists		
	(A)	(B)	(C)	(A)	(B)	(C)
1992	347	347	---	399	399	---
1995	382	352	---	452	452	---
2000	389	619	800	590	671	670
2005	441	1,222	1,500	704	1,068	1,000
2010	464	2,170	2,000	819	1,584	1,500

Note: (A) "Do nothing" case, (B) Planning case, (C) Target

2) Foreign Tourist Target

- Share of foreign tourist target in 2010 was estimated as: North America 40%, Central/South America 30%, Europe 20% and Others 10%.
- The share of Central and South America will decrease gradually and the other areas will increase to make up.
- Introduction from North America and Europe should be strengthened.

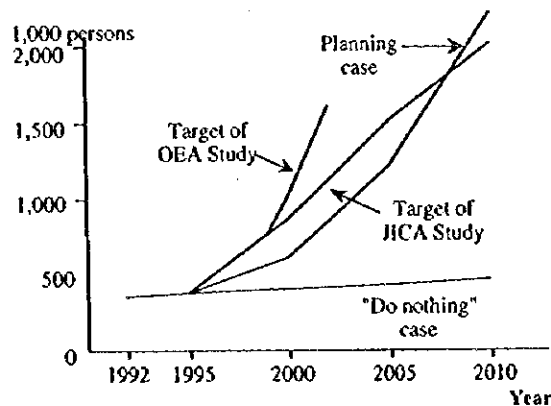


Fig. 3.1 Foreign Tourist Target

Tab. 3.5 Foreign Tourist Inflows by Origin Region
Unit: 1,000 personas

Origin regions	1992	2000	2005	2010
North America	110.3	270	590	800
Central/South America	204.9	380	560	600
Europe	26.2	100	220	400
Others	19.1	50	130	200
Total	360.5	800	1,500	2,000

(3) Domestic Tourist Target

- It is expected that domestic tourists should increase in accordance with development of recreational and educational activities.
- Approximately 63% of origin of domestic tourists are concentrated in the Metropolitan area.

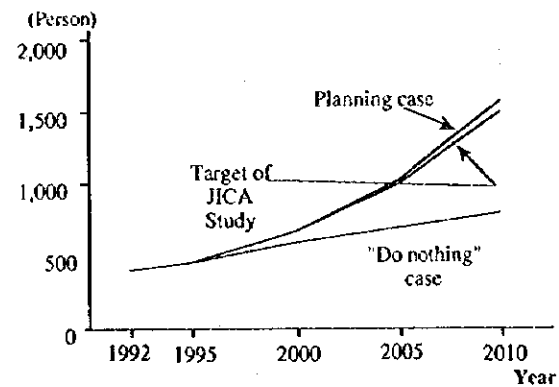


Fig. 3.2 Domestic Tourist Target

Tab. 3.6 Domestic Tourist Generation
Unit: 1,000 personas

Origins	1992	2000	2005	2010
Metropolitana region	281	421	633	955
Local regions	169	249	367	545
Total	450	670	1,000	1,500

4) Total Night-stays

- Forecast of total overnight stays by foreign and domestic tourists is shown in Tab 3.6.
- In the target year 2010 the total overnight stays of foreign tourists is calculated as 10.7 million with 2 million tourists per year averaging total overnight stays of 5.4, while that of domestic tourists as 6 million with 1.5 million tourists per year averaging total overnight stays of 4.0.

Tab. 3.7 Duration of Stay for Tourists Unit: days

Tourist types	1992	2000	2005	2010
By air: Regular flight	4.0	4.0	4.5	5.0
America chartered	---	7.0	7.0	7.0
Europe chartered	---	---	10.0	10.0
By road via Paso Canoa	4.0	4.0	4.5	5.0
By ship	2.0	2.0	2.0	2.0
Average Foreign	3.7	3.9	4.8	5.4
Domestic	2.0	2.5	3.0	4.0

4. National Tourism Development Network

4.1 Development Policy and Scenario

(1) Development Policy

Development Policy for national tourism development was established as follows:

1) Maximizing Utilization of Tourism Resources in Rural Areas

In comparison to the surrounding competitive countries, tourism resources in Panama have a variety of features, such as the Canal, shopping facilities, beaches and islands, historic monuments, folklore culture, rich nature, etc.

These kinds of tourist resources don't exist only in the Panama metropolitan area but are also scattered in rural areas. Considering the objectives of the Plan, the maximum use of rural resources should be encouraged.

2) Balance of Development and Environmental Protection

In this study, it is necessary to frame quantitative and qualitative regulations for tourism activities according to regional features. To do so, it is important especially to identify the vulnerable components of the environment, for example, valuable species of plants and animals to be protected in the natural environment as well as the living conditions for the local population including minorities.

(2) Development Scenario

In the study, tourism resources are generally classified into three categories ; Island Type, Coastal Type and Urban Type.

Access to the islands of Panama is limited and they are lacking even basic infrastructure such as public water and electricity, therefore a colossal amount of funds will be required if development is started immediately. In comparison, as the urban area, in particular, Panama city already has an international standard of infrastructure corresponding to its role as a commercial and financial center, it is efficient to develop tourism resources in the following order:

Urban Type → Coastal Type → Island Type

1) Short Term Development Scenario (Seedling stage)

- Reinforcement of promotion for tourism resources in the Metropolitana Zone
- Formation of core projects in coastal areas

- Preparation of core projects in island areas

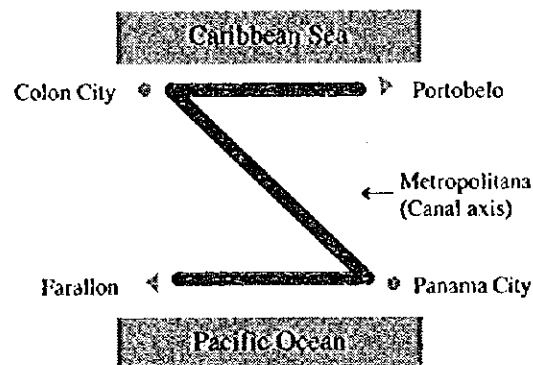
The emphasis at this stage will be on the Metropolitana Zone where infrastructure is already well developed. By strengthening the promotion of urban type tourism resources in this zone for international tourists, it will be possible to increase tourism in the short term.

2) Medium Term Development Scenario (Budding stage)

- Formation of a development axis shaped in the form of a reversed letter "Z"

During this stage the urban type resources in the Metropolitana Zone will be complemented by coastal type developments in Portobelo and Parallón Zones. These zones offer the greatest potential in the middle term because the infrastructure is relatively developed, they are close to the largest market and the gateway for most international travelers into Panama. They are also easily accessible from Panama City by road. Development of these two zones in addition to the Metropolitana Zone will result in the formation of a development pattern in the shape of a reverse "Z".

Formation for development core in island areas. Development core should be created in island areas for encouraging tourism development.



3) Long Term Development Scenario (Flowering stage)

- Realization of Two Million Plan
- Formation of whole projects in whole coastal area

The emphasis in the long term scenario is placed on development of tourism resources and implementation of supporting measures so that the target of two million international visitors by the year 2010 should be taken.

4.2 National Tourism Cluster Network and National Tourism Resources Network

To achieve the targets set by this study, it is necessary to promote effective use of domestic tourism resources and perform nationwide promotion of tourism development and regional development. This comprises a nationwide tourism cluster system and a nationwide tourism resource network as described below.

(1) Nationwide Tourism Cluster System

Fourteen tourism areas to be developed and arranged as a zone have been proposed based on the principal tourism resources, regional extent, traffic conditions of tourism routes, and so on (see Fig 4.1). Because these are mutually related and configured into a nationwide system, it is called a cluster system. These clusters have been set considering the following points:

- The tourist attractions concentrated in one area are grouped in one cluster to allow traveling to all places of attraction.

- The tourist attractions on the same transportation route are grouped in one cluster to make a tourism route.

- Each cluster must have a principal center of attraction for tourists so that independence can be established.

(2) National Tourism Resource Network

To promote tourism development, while performing development of each zone and configure them into a nationwide network, a nationwide network for arrangement and preservation of tourism resources is required. In other words, tourism resources must be systematized according to their functions and types in addition to the above mentioned division into zones.

In this study, considering the characteristics and diversity of the tourism resources in Panama, tourism resources are divided into 1. marine and coastal, 2. nature and highland, and 3. historical and cultural groups (see Fig 4.2, 4.3, and 4.4) and each group is configured into a nationwide system. A combination of these systems is the nationwide tourism resource arrangement and preservation network (see Fig. 4.5).

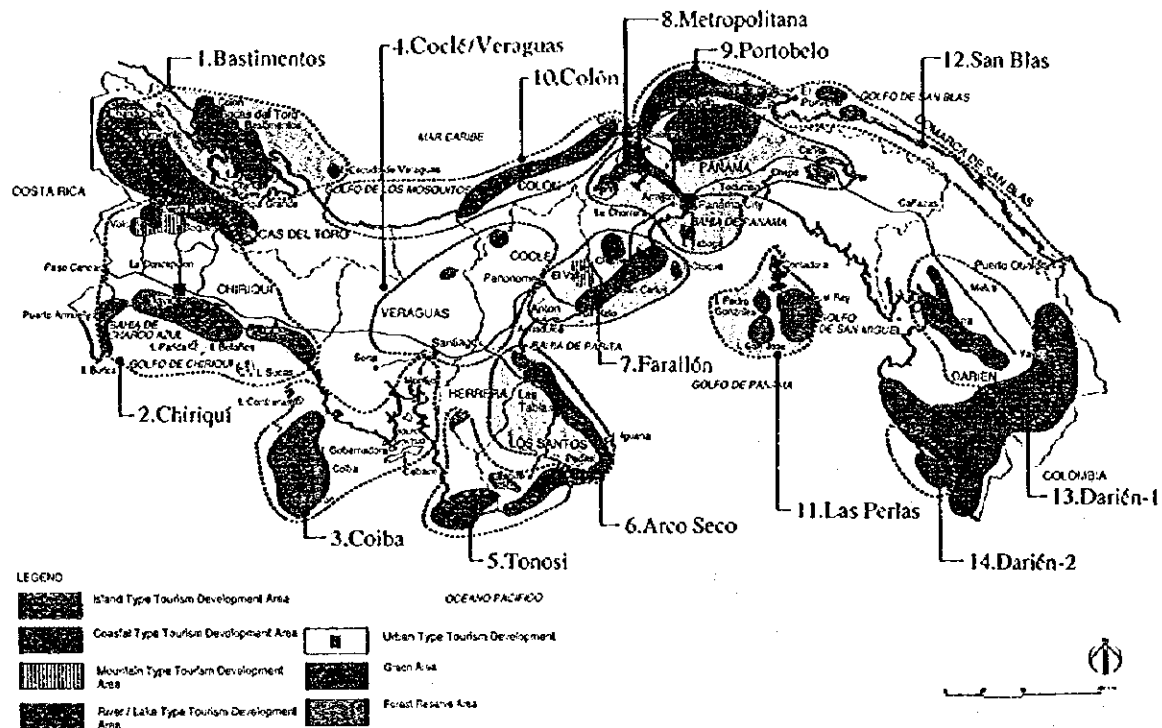


Fig.4.1 National Tourism Cluster System

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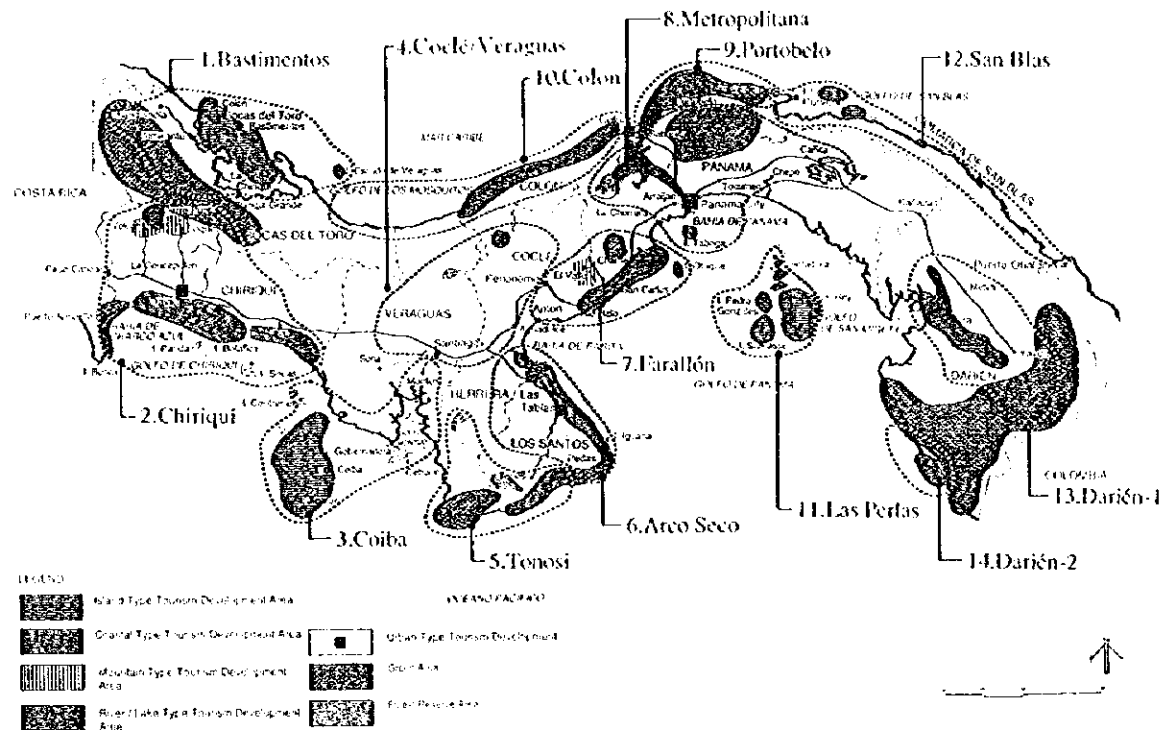


Fig.4.1 National Tourism Cluster System

2. National Tourism Cluster Network and National Tourism Resources Network

In order to achieve the targets set by this study, it is necessary to promote effective use of domestic tourism resources and perform nationwide promotion of tourism development and regional development. This comprises a nationwide tourism cluster system and a nationwide tourism resource network as described below.

(1) Nationwide Tourism Cluster System

Eleven tourism areas to be developed and arranged as a zone have been proposed based on the principal tourism resources, regional extent, traffic conditions of tourism routes, and so on (see Fig. 4.1). Because these are mutually related and configured into a nationwide system, it is called a cluster system. These clusters have been set considering the following points:

The tourist attractions concentrated in one area are grouped in one cluster to allow traveling to all places of attraction.

The tourist attractions on the same transportation route are grouped in one cluster to make a tourism route.

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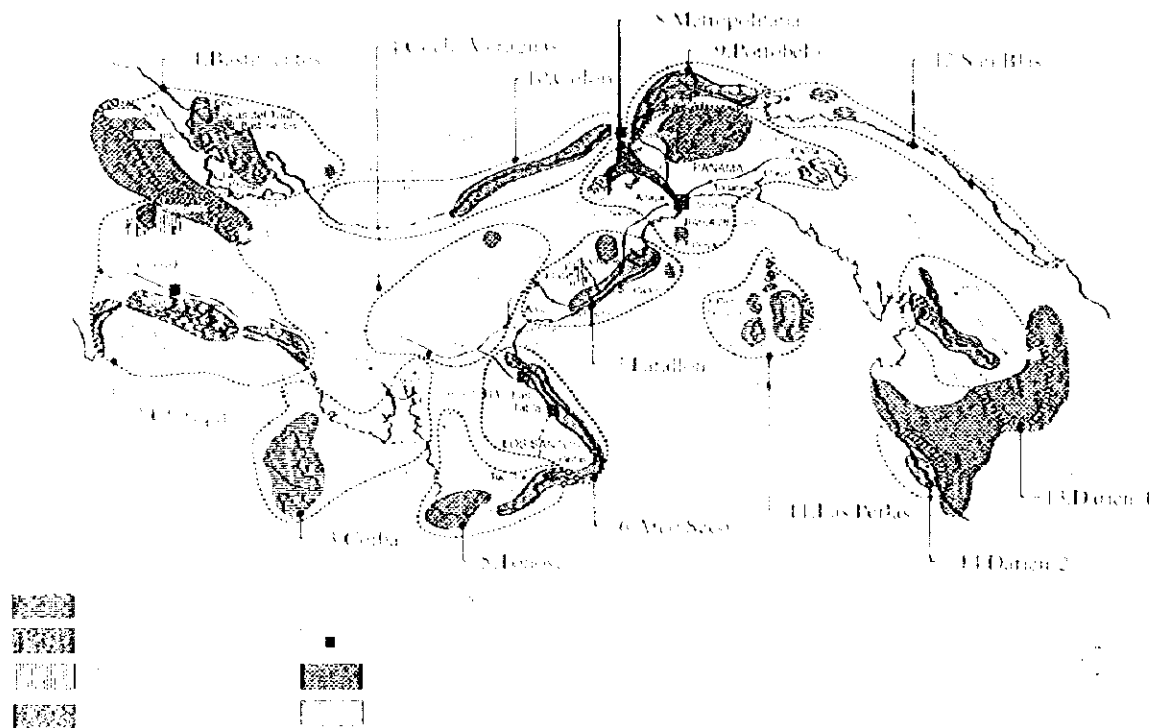


Fig. 4.1 National Tourism Cluster System

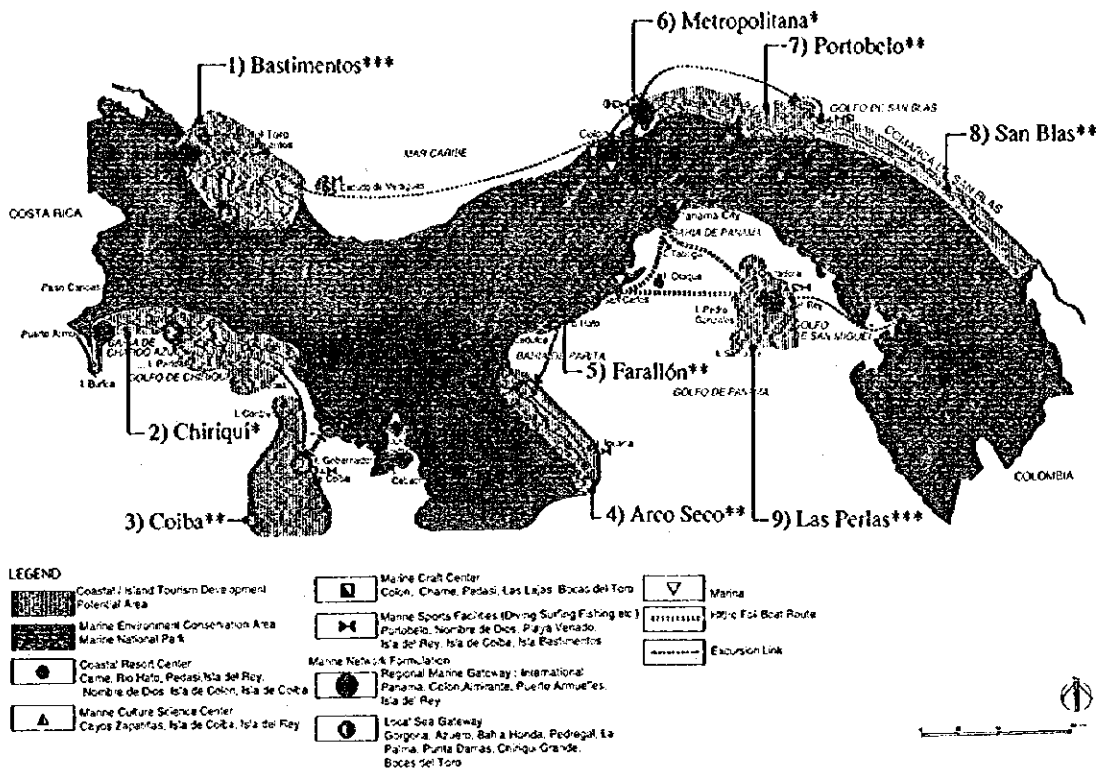


Fig.4.2 Marine and Coastal Tourism Resource Development Network

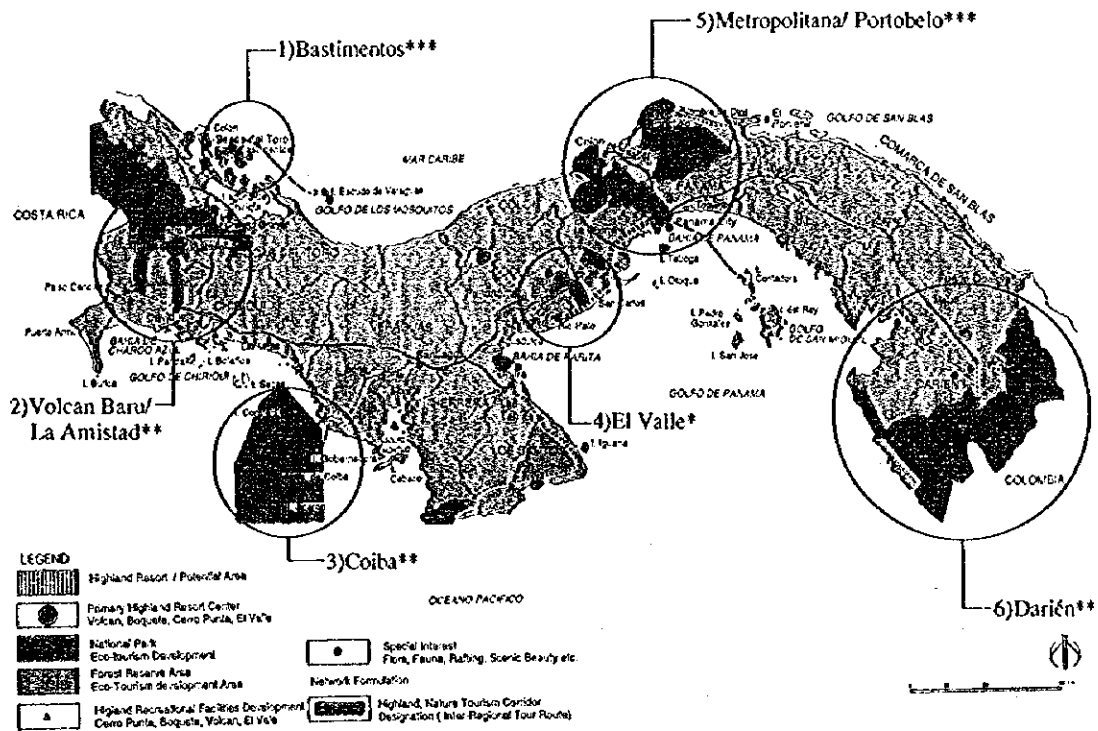


Fig.4.3 Nature and Highland Tourism Resource Development Network

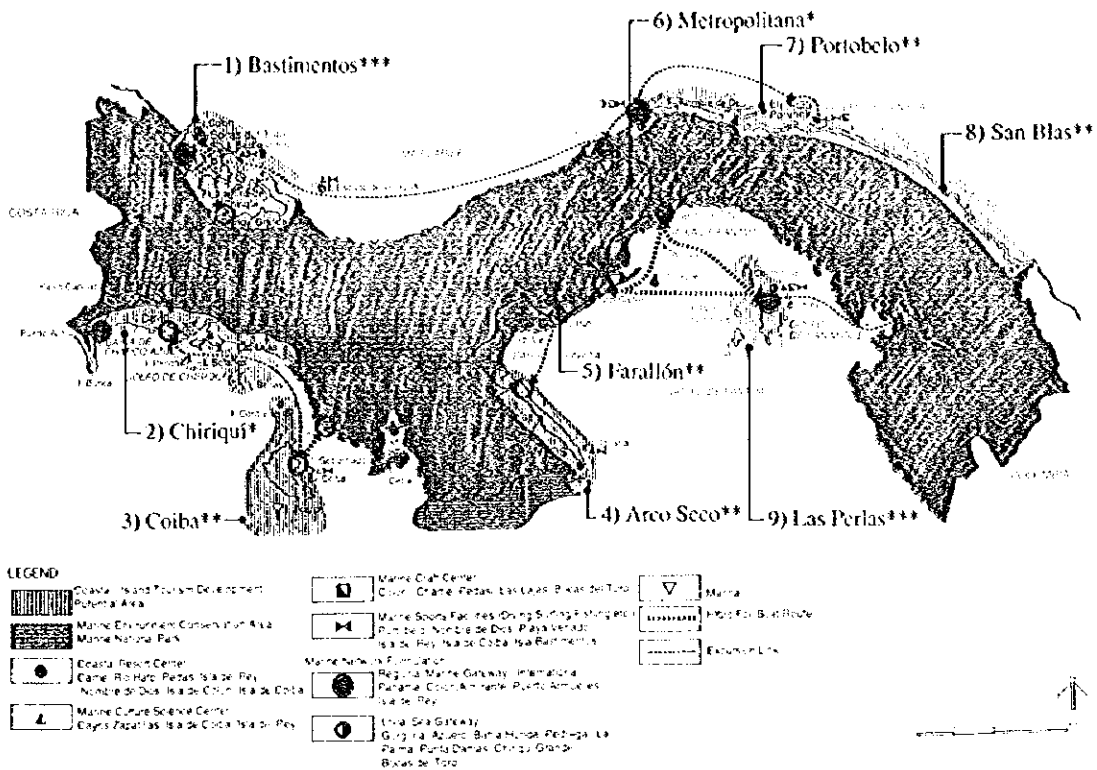


Fig.4.2 Marine and Coastal Tourism Resource Development Network

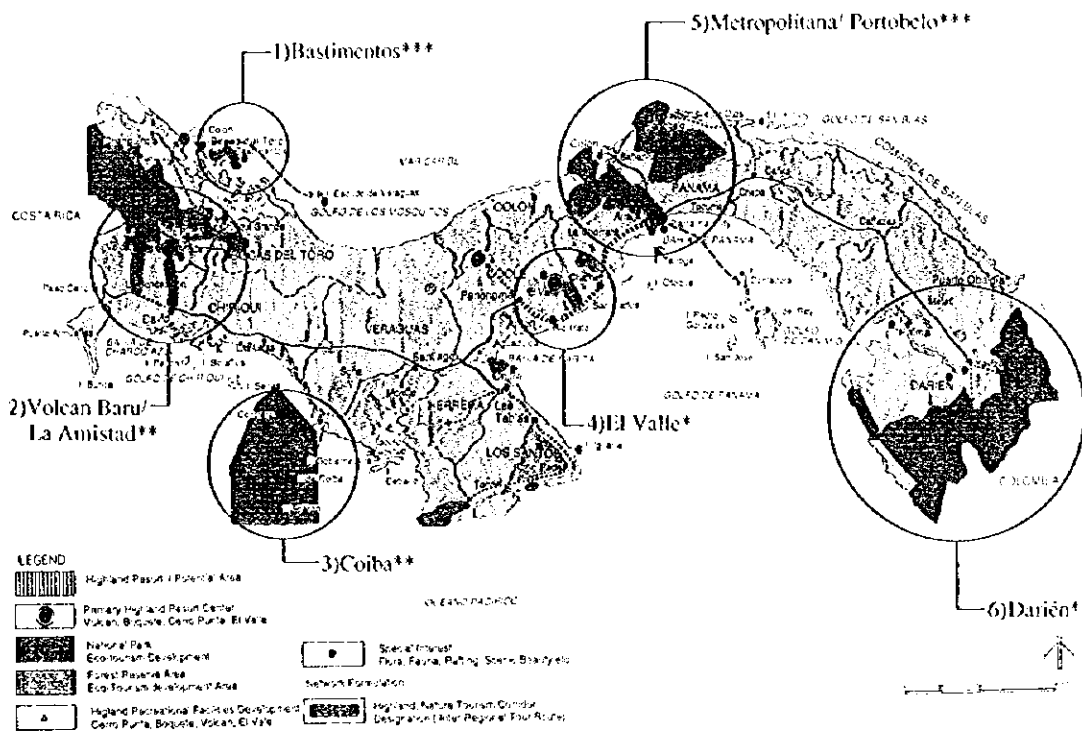


Fig.4.3 Nature and Highland Tourism Resource Development Network

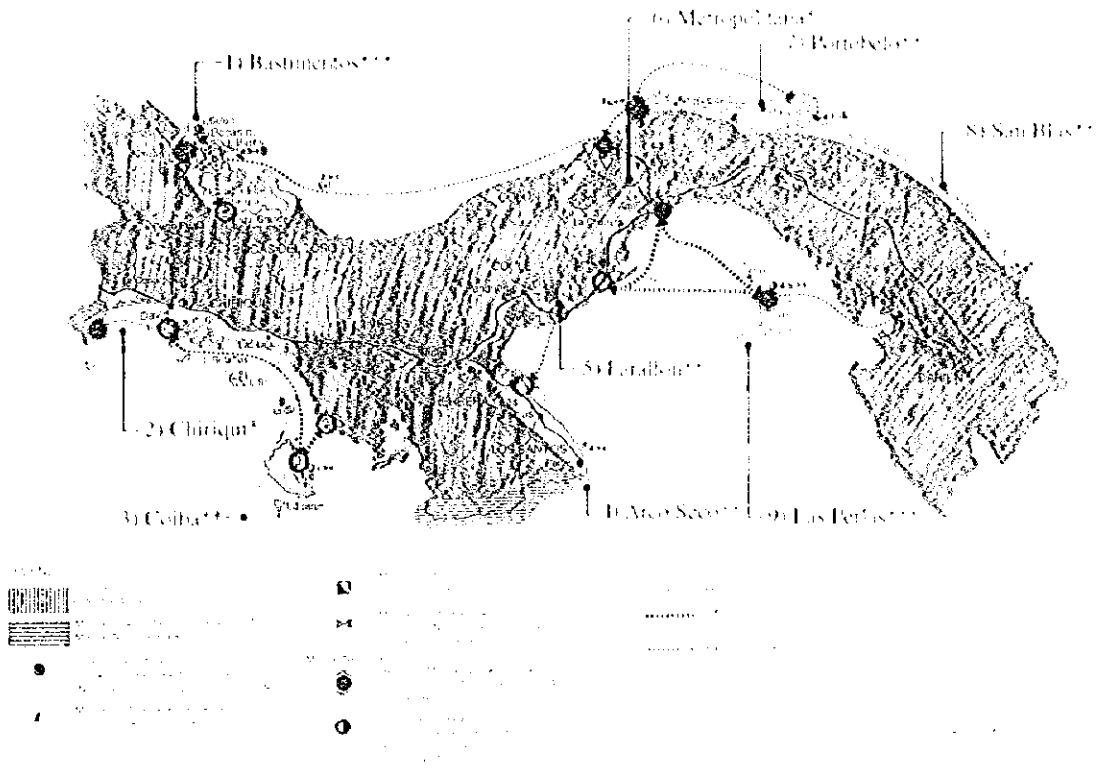


Fig.4.2 Marine and Coastal Tourism Resource Development Network

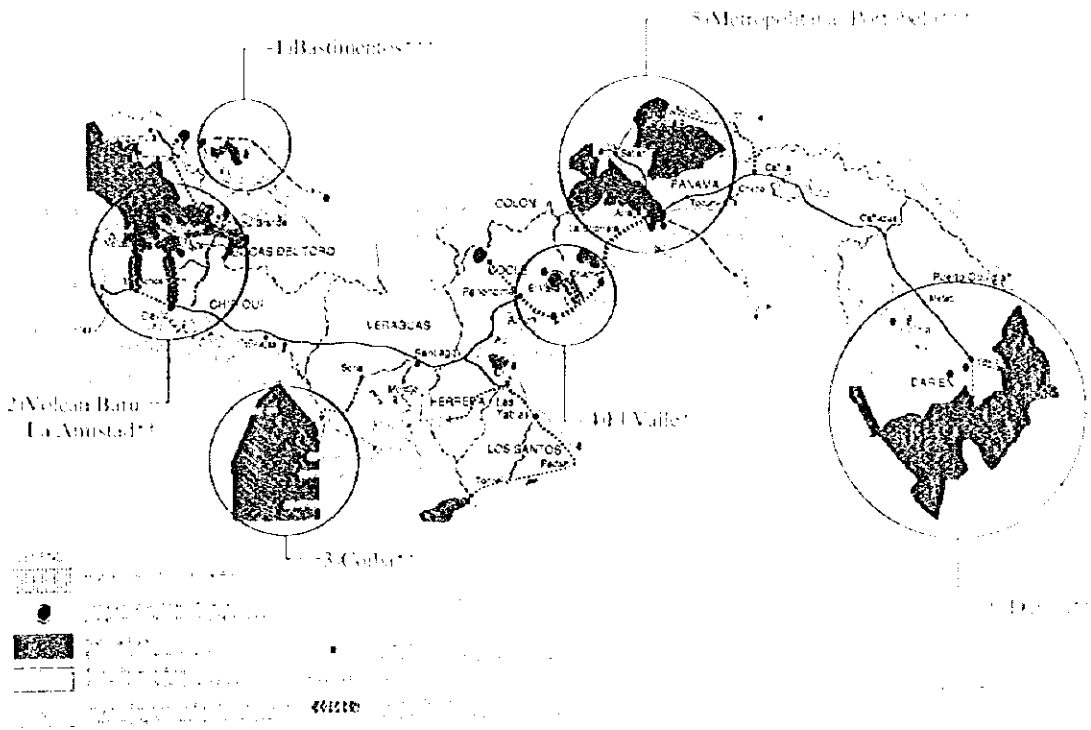


Fig.4.3 Nature and Highland Tourism Resource Development Network

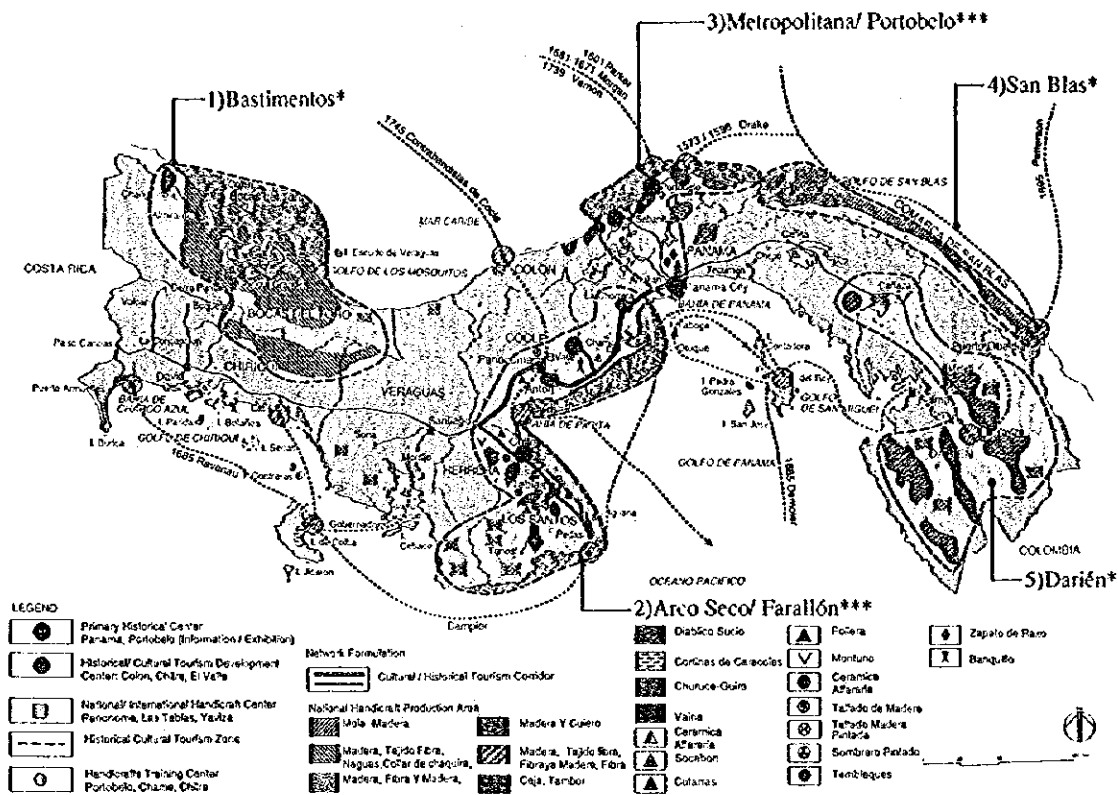


Fig.4.4 Historical and Cultural Tourism Resource Development Network

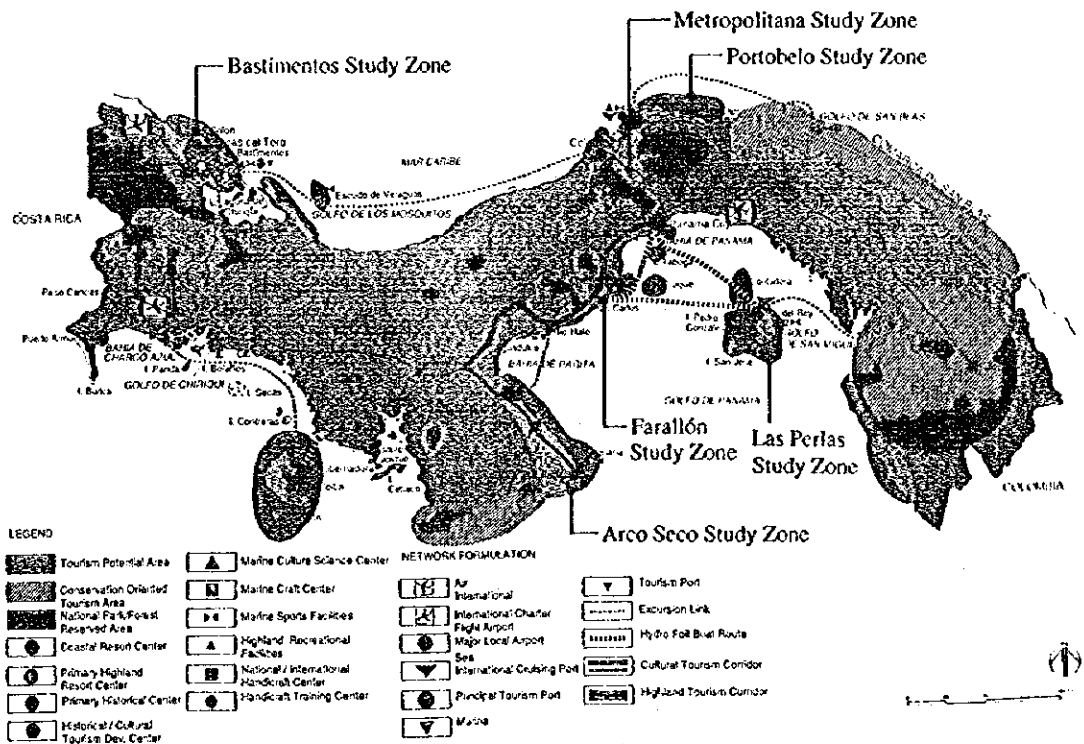


Fig.4.5 National Tourism Resources and Conservation Network

1) Marine and Coastal Tourism Development

It is important to promote marine and coastal resources for tourism in Panama. In consideration of their tourism resource level both as to quality and volume, marine and coastal tourism cores were proposed as described below. Especially the case of Bastimentos and Las Perlas, the potential for tourism is high so these two areas should be developed as a matter of priority. Moreover Portobelo and Farallón areas which are located adjacent to the metropolitan area should be given higher priority due to ease of access and adequate infrastructure.

- 1) Bastimentos***
- 2) Chiriquí*
- 3) Coiba**
- 4) Arco Seco**
- 5) Farallón**
- 6) Metropolitana*
- 7) Portobelo**
- 8) San Blas**
- 9) Las Perlas***

Level of Tourism Resources: ***: High, **: Medium, *: Low

2) Nature and Highland Tourism Development

Nature and highland resort development will be promoted, along with recreational use of National parks, Forest Reserve areas gravitating around nature information centers and from which access to special interests, flora, fauna and areas of natural scenic beauty would start and terminate. These resource area concepts would then be gradually linked through a network of tourism corridors.

- 1) Bastimentos***
- 2) Volcan Baru/ La Amistad**
- 3) Coiba**
- 4) El Valle*
- 5) Metropolitana***
- 6) Darién**

3) Historical and Cultural Tourism Development

Two principal conceptual tour packages have been created: the Spanish historical and the cultural discovery tour routes. The concept would be built around a series of base historical town centers: Panama City, Portobelo, Chitré, Las Tablas and Bocas del Toro, supported by primary cultural information and exhibition centers linked to local arts and crafts centers.

- 1) Bastimentos*
- 2) Arco Seco/ Farallón***
- 3) Metropolitana / Portobelo***
- 4) San Blas*
- 5) Darién*

4.3 National Tourism Transport Network System

To support and promote the above mentioned Tourism development systems, a nationwide tourism transportation system must be arranged. On the other hand, the above mentioned tourism development

systems are planned taking into consideration the arrangement of this nationwide tourism transportation system.

(1) Entry Points and Distribution System

A national tourism transport network system which link hubs in each cluster was established. Panama city (Metropolitana cluster) is designated as a major entry point from overseas countries and Changuinola (Bastimentos cluster) and David city (Chiriquí cluster) as secondary entry points.

(2) Tourist Gateways of Panama

Multi-transport and Multi-gateway Policy

- To form multi-gateway for multi-transportation, i. e. land-sea-air transportation, for tourists taking advantage of the location as a crossroads of the world (connecting the continents of North Central and South America and separating the Pacific and Atlantic Oceans).
- At present means of transport consists of 76.5% by air, 13.5% by ship and 10.0% by road and the target distribution in 2010 will be 80% by air including chartered flight, 15% by ship and 5% by road.

Tab. 4.1 Foreign Tourist Inflow by Transport

Transport means	Means			
	1992	~2000	~2005	~2010
By air:	276.1	620	1,200	1,600
- Regular flight	(276.1)	(570)	(930)	(1,100)
- Chartered flight	(-)	(50)	(270)	(500)
By road via Paso Canoas	35.9	60	75	100
By ship				
	48.6	120	225	300
Total	360.6	800	1,500	2,000

(3) Airport Improvement

- Tocumen Airport should be considered as the main gateway by air.
- An international airport for chartered flights should be opened.
- Domestic air network and transport capacity should be expanded for formation of various tourism patterns and routes.

Tab. 4.2 Foreign Tourist Inflow by Air

Types	Airports	2010
		Unit: 1,000 persons
Regular flight	Tocumen	1,000
	David	100
	Subtotal	1,100
Chartered flight	Tocumen	200
	Rio Hato	150
	San Miguel	100
	Changuinola	50
	Subtotal	500
Total		1,600

Tab. 4.3 Airport Improvement

Airport	Provinces	A	B	C	D
Tocumen	Panama	○	○		
David	Chiriquí	○			○
Changuinola	Bocas del Toro		○		○
Rio Hato	Coclé		○		○
Paitilla/Albrook/Kobbe*	Panama			○	
Chitré	Chitré				○
San Miguel	Panama				○

Note: (A) International regular flight, (B) International chartered flight
(C) Metropolitan domestic airport, (D) Local domestic airport

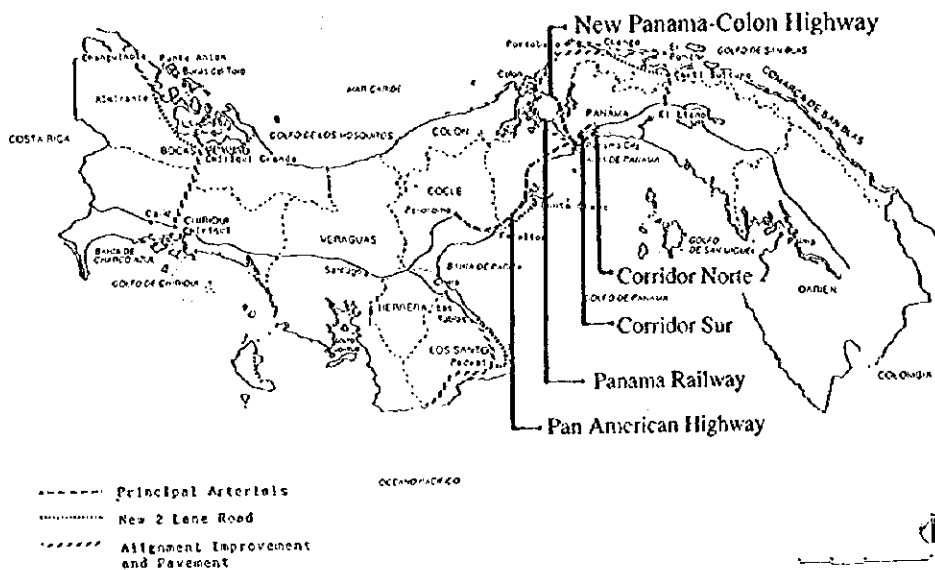


Fig. 4.6 Concept Plan for Air Transportation Network



Fig. 4.7 Concept Plan for Maritime Transportation Network

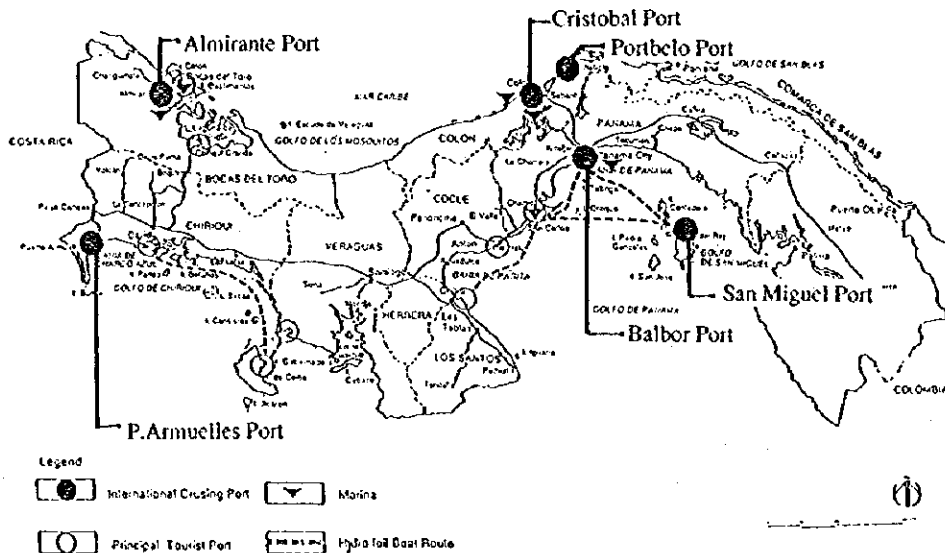


Fig. 4.8 Concept of Road Projects for Tourism

(4) Port Improvement

The ports on the Pacific and Caribbean sides should be improved for acceptance of international cruiser and expansion of domestic services. Balboa and Cristobal will be the main ports.

Tab. 4.4 Port Improvement

Types	Ports	Provinces	(A)	(B)	(C)
Pacific Ocean	Balboa	Panama	○	○	
	P. Armuelles	Chiriquí	○	○	
	San Miguel (Darién)	Panama (Darién)	○	○	
			○		
Caribbean Sea	Cristobal	Colón	○	○	○
	Portobelo	Colón	○	○	
	Almirante (San Blas)	Bocas del Toro	○	○	○
		San Blas	○		

Note: (A) International cursing
(B) Maritime line port
(C) Ferry boat port

(5) Roads and Railway

1) Inter-regional Highways

The following two highways are scheduled to be improved not only for tourism development but also to form a national trunk highway network.

- New Panama - Colón Highway
- Pan American Highway (Chorrera - Penonome)

2) Principal Arterial Road in Metropolitan Area

The following projects are necessary in order to mitigate traffic congestion in urban and suburban areas of Panama metropolitan area, and to restore urban functions including tourism activities.

- Corridor Norte (Albrook - Tocumen)
- Corridor Sur (Centro - Tocumen)
- Autopista (Arraijan - Panama Canal)
- New Canal Bridge

3) Tourism Development Roads

For tourism development and promotion, it is necessary to prepare service roads for access to the tourism sites in each Study Zone.

4) Railway Rehabilitation and improvement

- Panama Railway (Panama - Colón)

4.4 National Tourism Demand Distribution

Forecast entire tourist demand of Panama should be distributed to each tourism cluster (zone).

(1) Tourist Distribution to Each Zone

- The total overnight stays were distributed to each zone.
- 73% of the overnight stays by foreign tourists are concentrated in the Metropolitana Zone at present and this will decrease gradually to 40% in 2010 with the policy of regional development, which involves enhancing regional zones.

Tab. 4.5 Foreign Overnight Tourists by Zone

Unit: 1,000 Persons nights

Zones	1992	~2000	~2005	~2010
Metropolitana	980	1,860	3,560	4,300
Share (%)	73%	60%	50%	40%
Bastimentos	20	100	300	600
Arco Seco	40	150	300	400
Farallón	100	300	1,000	2,000
Portobelo	30	200	500	1,000
Las Perlas	60	200	800	1,200
Other regions	110	300	700	1,200
Local subtotal	360	1,250	3,600	6,400
Total	1,340	3,110	7,160	10,700

Tab. 4.6 Domestic Overnight Tourists by Zone

Unit: 1,000 Persons nights

Zones	1992	~2000	~2005	~2010
Metropolitana	228	420	741	1,476
Share(%)	25%	25%	25%	25%
Bastimentos	36	68	123	248
Arco Seco	118	220	396	784
Farallón	110	204	369	732
Portobelo	72	135	243	492
Las Perlas	72	135	243	492
Other regions	264	493	885	1,776
Local subtotal	672	1,255	2,259	4,524
Total	900	1,675	3,000	6,000

(2) Accommodation Allocation Plan

- There are about 9,000 rooms for accommodation now and 33,000 rooms will be required by year 2010, an increase of 24,000 rooms.
- 66% of accommodation capacity is concentrated in the Metropolitana Zone. By decentralization, the share of accommodation in the Metropolitana Zone will be reduced to 38%.
- The share of accommodation by grade is 23% high class, 20% middle class and 57% economy class at present. In 2010 that will be improved to 24% high class, 53% midium class and 23% economy class.

Tab. 4.7 Accommodation Requirement by Zone

Unit: Number of rooms

Zones	Existing	Additional			cumulate Total
		Up to 2000	2001-2005	2006-2010	
Metropolitana	6,031	1,199	3,776	1,554	12,560
share (%)	66.4%	29.6%	37.6%	15.9%	38.2%
Bastimentos	211	237	521	906	1,875
Arco Seco	650	254	227	449	1,580
Farallón	675	441	1,745	2,468	5,329
Portobelo	76	651	884	1,458	3,069
Las Perlas	151	618	1,671	1,224	3,664
Other regions	1,284	646	1,230	1,740	4,900
Local subtotal	3,047	2,847	6,278	8,245	20,417
Total	9,078	4,046	10,054	9,799	32,977

Tab. 4.8 Classified Additional Accommodation Requirement by Class

Unit: Number of rooms

Classes	Existing	Additional			cumulate Total
		Up to 2000	2001-2005	2006-2010	
High	2,062	988	2,791	2,159	8,000
Medium	1,858	2,528	6,792	6,320	17,498
Economy	5,158	530	471	1,320	7,479
Total	9,078	4,046	10,054	9,799	32,977

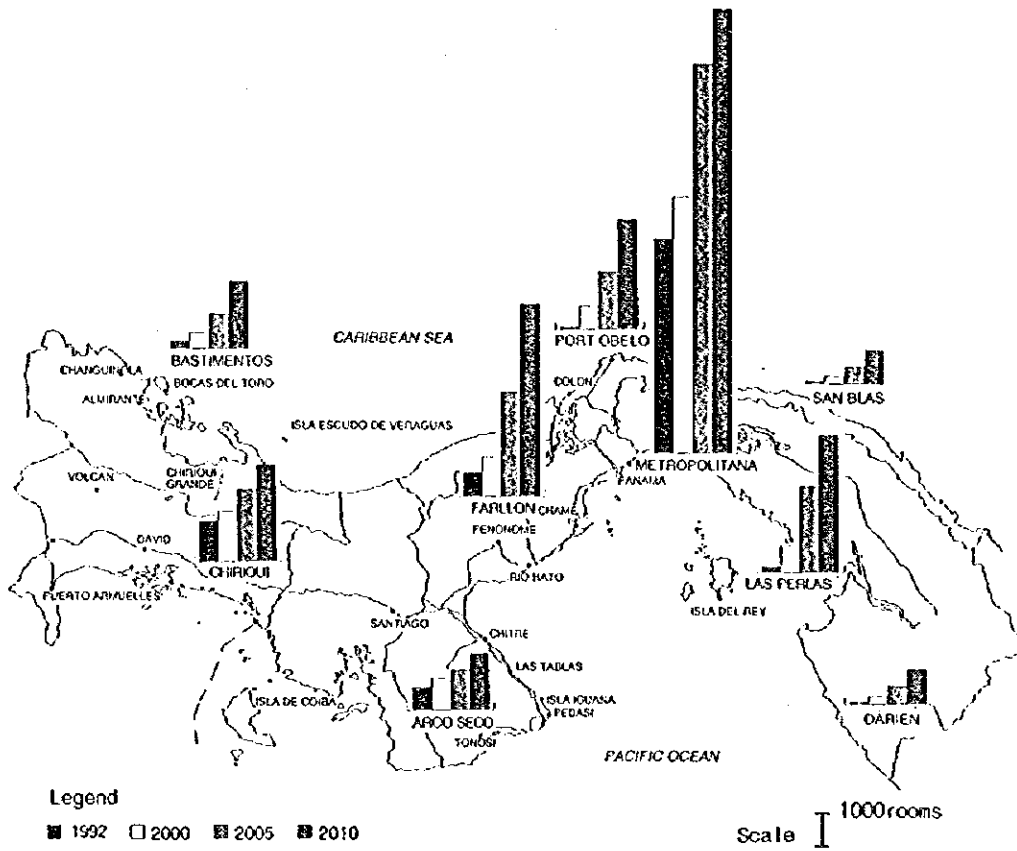


Fig. 4.9 Comparative Accommodation Allocation Plan (Cumulative Indication)

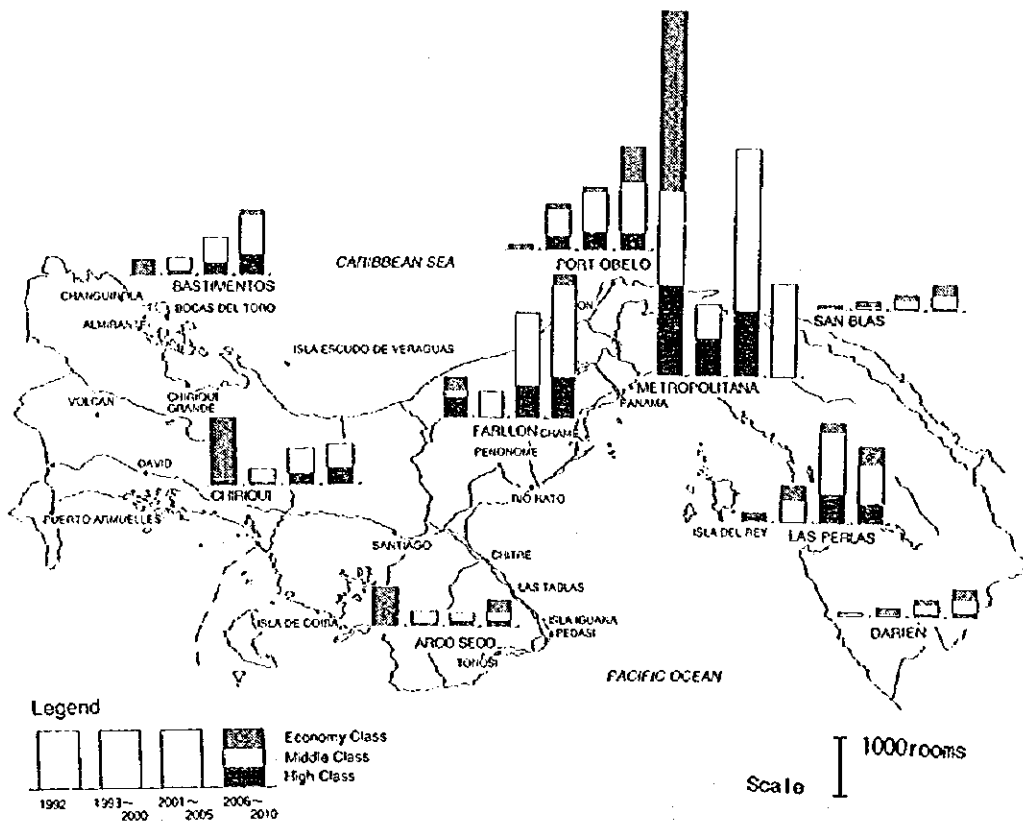


Fig. 4.10 Classified Additional Accommodation Requirement

5. Long Term Tourism Development Plan by Zone

5.1 Development Policy and Strategy by Zones

Relations between the tourism cluster system consisting of 14 zones and the nationwide tourism network consisting of tourism resources of marine, natural and highland, and historical and cultural

groups as described in the previous section are summarized in Tab.5.1. Further, each tourism network has evaluated each cluster from the viewpoint of development potentiality and resource level, and formulated the development definition of each zone.

Tourism cluster	Tourism system			Development definition of each zone
	Marine and Coastal	Natural and mountainous	Historical and cultural	
1. Bastimentos	A	A	B	<ul style="list-style-type: none"> • Regional tourism core (marine & natural type) • Regional tourism core (cultural & marine type) • Auxiliary tourism core (marine & mountainous type) • Tourism core (natural & historical type) • Auxiliary tourism core (historical & marine type) • Auxiliary tourism core (marine type)
2. Chiriquí	C	B	-	
3. Coiba	B	B	-	
4. Coclé - Veraguas	-	B	B	
5. Tonosí	-	-	-	
6. Arco Seco	B	-	A	
7. Farallón	B	B	-	
8. Metropolitana	C	A	A	
9. Portobelo	B	C	A	
10. Colón	C	-	-	
11. Las Perlas	A	-	-	
12. San Blas	B	-	C	
13. Darién-1	C	B	C	
14. Darién-2	-	B	C	

Significance level A: High, B: Medium, C: Low

Fig.5.1 Tourism Cluster and Tourism Network System

Development policy and strategy for each zone based on the definition of each zone are summarized in the table below.

Tab 5.1 Development Policy and Strategy Classified by Zones

Zone	Policy	Strategy
1. Bastimentos	• Formation of a regional tourism core on the shore of the Caribbean Sea utilizing abundant marine and natural resources.	• Utilization of abundant natural resources including indigenous and precious animals and plants and their gatherings and creation of an archipelago-type environmental preservation model.
2. Arco Seco	• Formation of a regional tourism core in the Azuero Peninsula (on the shore of the Pacific Ocean) mainly consisting of Colonial culture and marine resources.	• A combination of the introduction of and experience in ethnic cultures and marine leisure.
3. Farallón	• Formation of an auxiliary tourism core adjacent to the metropolitan area and consisting of shores.	• Formation of a seaside leisure belt integrating neighboring areas.
4. Metropolitana	• Formation of a tourism core backed up by the gateway for tourism in Panama and natural and historical resources.	• Formation of the image of an international tourism city and enhancement of the level of tourism facilities and accessing functions.
5. Portobelo	• Formation of an auxiliary tourism core on the side of the Caribbean Sea backed up by the historical remains of the Colonial age and marine resources.	• Preservation of historical buildings and marine resources
6. Las Perlas	• Formation of an auxiliary tourism core of the island type mainly consisting of marine leisure.	• Formation of a marine tourism cluster and enhancement of accessing functions.

5.2 Long Term Tourism Development Plan by Zone

5.2.1 Bastimentos Zone Development Plan

National Marine Park and the Archipelago of Bocas del Toro.

Development Goals

- Formation of a model for island type development in Panama.
- Tourism development as a key for regional development.

Development Strategies

- Optimal use of excellent coastal island type resources and the marine national park.
- Tourism development in Changuinola and Almirante towns.

Tab. 5.2 Target Number of Visitors (1,000 persons)

Tourist Types		~2000	~2005	~2010
Overnight stay*	Foreign	100	300	600
	Domestic	68	123	248
	Subtotal	168	423	848
Daytime visit	Foreign	109	221	383
	Domestic	44	73	136
	Subtotal	153	294	519
Total		321	717	1,367

Note: * Overnight visitors are total staying overnight

Tab. 5.3 Accommodation Requirement (Rooms)

	Existing	~2000	~2005	~2010
Additional	-	237	521	906
Total stock	211	448	969	1,875

Tab. 5.4 Outline of Bastimentos Long Term Tourism Development Plan

Development components		Project package	Phase program			Dev't body	
			Sho.	Mid.	Lon.	Pub	Fri.
Subzone-I Changuinola Area	Changuinola Town	Changuinola Airport improvement Accommodation development (ex.94rm**+new 330rm) Tourist facilities Urban road, Public utilities	○	○	○	○	○
	Almirante Town	Almirante Port improvement, with tourist pier and marina Accommodation development (ex.32rm** + new 150rm) Tourist facilities Urban road, Public utilities	○	○	○	○	○
Subzone-II Bocas del Toro Archipelagos Area	Colon Island and Bocas del Toro Town	Accommodation development -Bocas del Toro Town (ex.43rm** + new 160rm) -El Istimo Area (new 220rm) -Boca del Drago Area(new 80rm) -Other coastal areas in Bocas del Toro Island (new 160rm)	○	○	○	○	○
		Colón Island road (Bocas del Toro Town - Punta Rancho) Bocas del Toro Town: Urban road, Public utilities, Tourist facilities	○	○	○	○	○
	Bastimentos Island	Accommodation development (new 200rm) Public utilities, Tourist facilities, Tourist pier	○	○	○	○	○
	Bastimentos Marine Park	Cayos Zapatillas Islets: Tourist guide center	○			○	
Subzone III Eastern	Tobove	Accommodation development (new 210rm) Public utilities, Tourist facilities, Tourist pier		○	○	○	○
Bocas del Toro Area	Escudo de Veraguas Island	Accommodation development (new 100 rm) Marine science center, Tourist pier		○	○	○	○
Subzone-IV Chiriquí Grande Area		Accommodation development (ex.42rm**) Urban road, Tourist pier	○	○		○	○
Subzone -V La Amistad International Park		Accommodation development (new 50rm) visitor center		○	○	○	○
Road development		Cross isthmus road (Chiriquí - Chiriquí Grande) Chiriquí Lagoon west coast road (Chiriquí Grande - Almirante)* Chiriquí Lagoon east coast road (Chiriquí Grande - Punta Icao)* Regional road (Almirante - Changuinola)		○	○	○	○

Note: * = National projects

** = Existing economy class hotel rooms to be upgraded by renovation supporting program.

ex. = existing

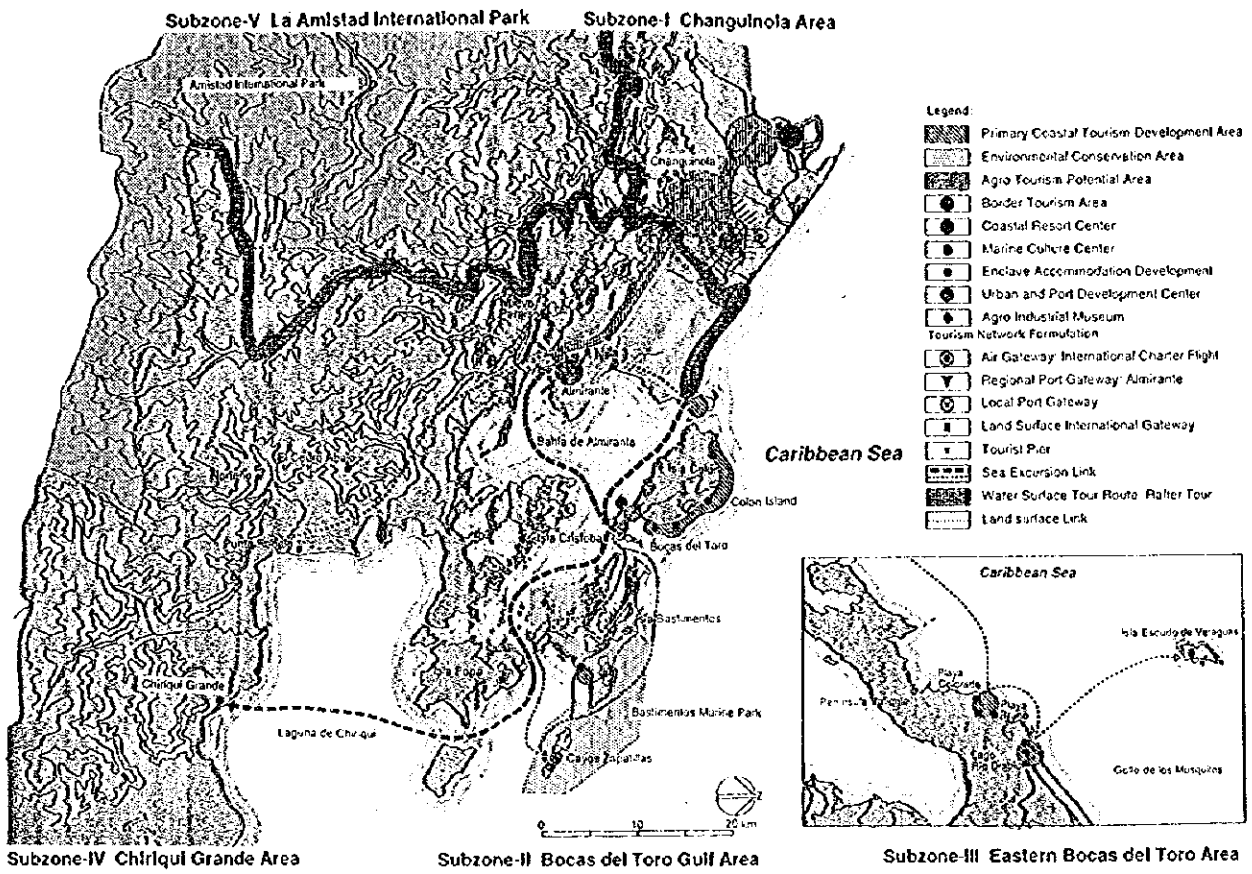


Fig.5.2 Bastimentos Zone Long Term Tourism Development Plan

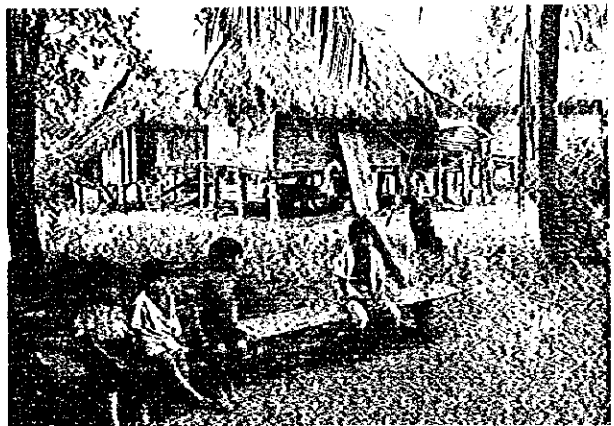
Istmito coastal area, development of hotel accommodation



Isla Colon coastal area



Isia Bastimentos



Coco Key village (Handicraft village)

5.2.2 Arco Seco Zone Development Plan

Los Santos is the Cradle of National Folklore.

Development Goals

- Formation of a center for cultural tourism of Panama.
- Preservation of folklore and cultural heritage into the 21st century.
- Development of coastal resort.

Development Strategies

- Formation of a belt of tourism spots linked to one another.

Tab. 5.5 Target Number of Visitors (1,000 persons)

Tourist types		~2000	~2005	~2010
Overnight stay*	Foreign	150	300	400
	Domestic	220	396	784
	Subtotal	370	696	1,184
Daytime visit	Foreign	232	289	461
	Domestic	87	147	273
	Subtotal	319	436	734
Total		689	1,132	1,918

Note: *Overnight visitors are total staying overnight.

Tab. 5.6 Accommodation Requirement (Rooms)

	Existing	~2000	~2005	~2010
Additional	--	250	235	418
Total stock	650	900	1,135	1,553

Tab. 5.7 Outline of Arco Seco Zone Long Term Tourism Development Plan

Development components		Project package	Phase program			Dev't body	
			Sho.	Mid.	Lon.	pub.	Pri.
Subzone-I Chitré Coast Area	Chitré City	Chitré Airport improvement* Azucro principal tourist port Accommodation development (ex. 198rm** + new 50rm) Tourist facilities	○	○	○	○	○
	Parita Town	Historical townscape beautification	○			○	
Subzone-II Los Santos Central Coast Area	Las Santos Town	Accommodation development (ex. 42rm.**) Rio La Villa eco-tour visitor center Monagre Beach improvement	○	○		○	○
	Guarare Town	Accommodation development (ex. 54rm.**) Bella Vista Beach improvement	○	○		○	○
	Las Tablas City	Accommodation development (ex. 40rm**) Tourist facilities El Uverito Beach improvement	○	○		○	○
Subzone-III Las Santos Central Coast Area	Pedasi Town	Accommodation development (ex. 14rm** + new 220rm) Tourist facilities	○	○		○	○
	Pocri Coastal Area	Accommodation development (ex. 284rm** + new 440rm) Beach improvement, Tourist pier to Iguana Island	○	○		○	○
	Iguana Island	Tourist pier, Information center	○			○	
Subzone-IV Los Santos Southern Coast Area	Venado Coastal Area	Accommodation development (ex. 5rm** + new 120rm) Beach improvement	○	○	○	○	○
	Tonosí Coastal Area	Accommodation development (ex. 13rm** + new 20rm)	○			○	○
	Cerro Hoya National Park	Accommodation development (new 50rm)		○	○		○
Road development		National Highway No.3 improvement (Pedasi - Tonosí) Access roads between National Highway and coastal areas	○	○		○	○

Note: *=National project

**= Existing economy class hotel rooms to be upgraded by renovation supporting program.

ex.=existing

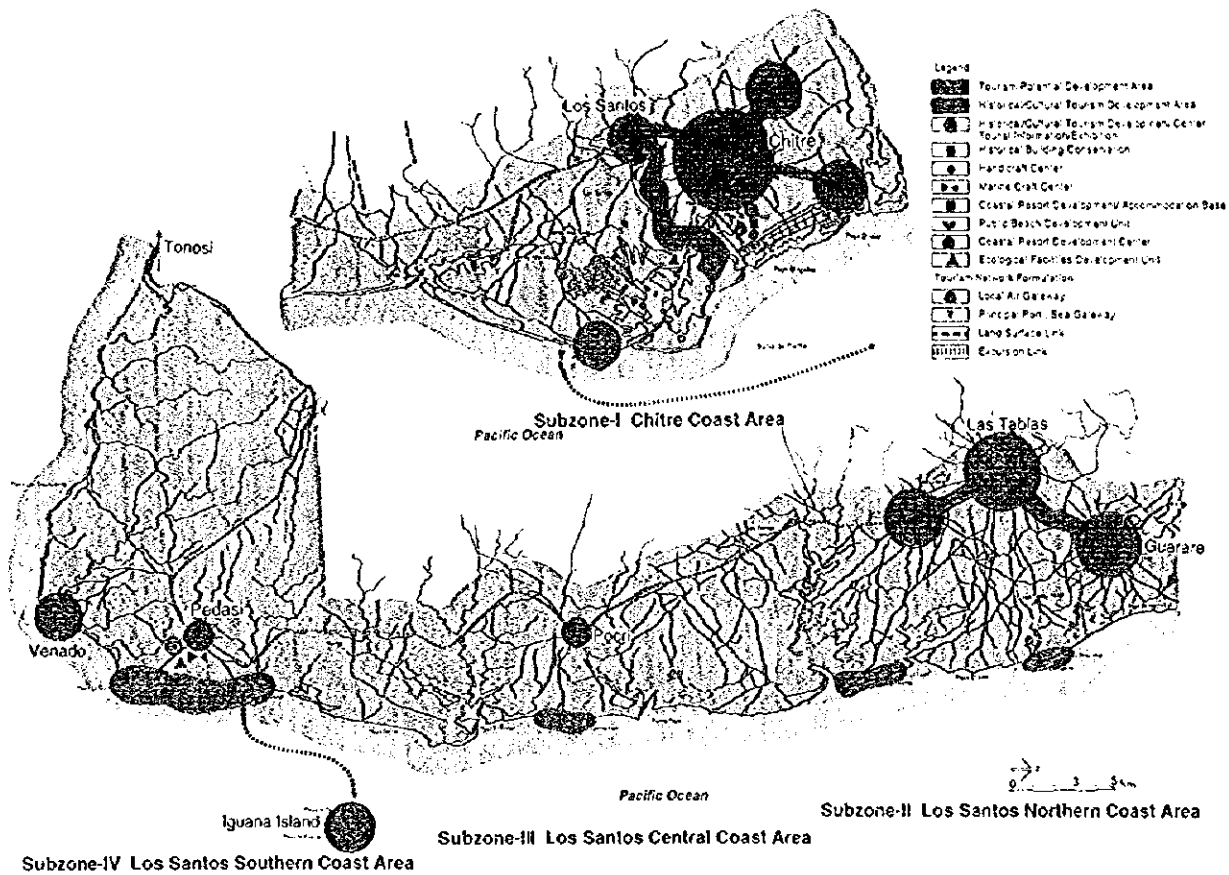
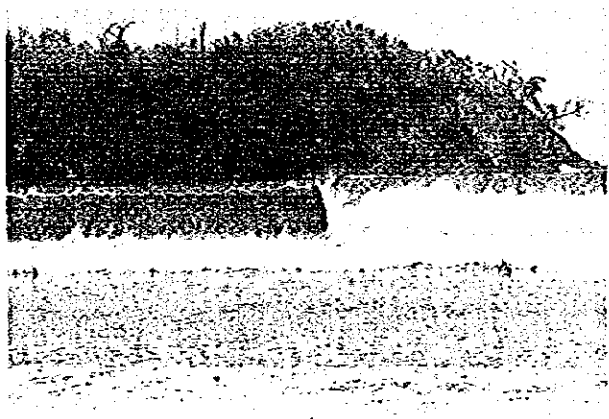
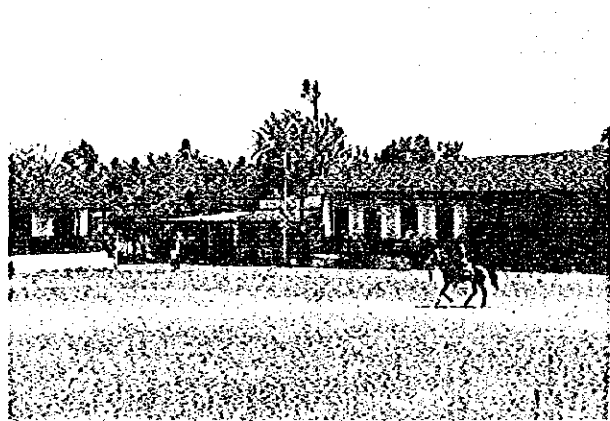


Fig.5.3 Arco Seco Zone Long Term Tourism Development Plan

Spanish and colonial cultural belt:
Chitre - Los Santos - Guarare - Las Tablas - Pocri - Pedasi

A Group of old gabled houses clustered around the town



Playa Venad: Dream spot of surf and big wave

Isla Iguana: Nature conservation island

5.2.3 Farallón Zone Long Term Tourism Development Plan

Sand festoon decorates the Gulf of Panama.

Development Goals

- Decentralization from Panama.
- Development from a scattered villa area to a comprehensive resort.

Development Strategies

- Formation of amenity cores for various tourists such as hotel guests, villa stayers and day-trippers etc.
- Development of various types of coastal tourism utilizing the coast of 70 km. length.
- Environmental conservation and eco-tourism of natural resources such as mangrove forests.
- Landscape conservation by building regulations, etc.

Tab. 5.8 Target Number of Visitors (1,000 persons)

Tourist types		~2000	~2005	~2010
Overnight stay	Foreign	300	1,000	2,000
	Domestic	204	369	732
	Subtotal	504	1,369	2,732
Daytime visit	Foreign	281	670	978
	Domestic	382	653	1,228
	Subtotal	663	1,323	2,206
Total		1,167	2,692	4,938

Note: *Overnight visitors are total staying overnight.

Tab. 5.9 Accommodation Requirement (Rooms)

	Existing	~2000	~2005	~2010
Additional	--	441	1,745	2,468
Total stock	675	1,116	2,861	5,329

Tab. 5.10 Outline Farallón Zone Long Term Tourism Development Plan

Development components		Project package	Phase program			Dev't body		
			Sho.	Mid.	Lon.	pub.	Pri.	
Coastal areas development	Subzone-I Chame Coastal Area	Punta Chame Area	Accommodation development (ex.19rm + new 660rm)	○	○	○	○	○
		Rio Chame Area	Accommodation development (new 2,390rm)	○	○	○	○	○
		Gorgona Town Area	Beach improvement, Marina	○	○		○	
	Subzone-II San Carlos Coastal Area	San Carlos Coastal	Accommodation development (new 2,390rm)	○	○	○	○	○
		San Carlos Hinterland	Accommodation development (ex.67rm + new 100rm)	○	○		○	○
	Subzone-III Rio Hato Coastal Area	Rio Hato Airport improvement	Accommodation development (ex. 54rm + new 720rm)	○	○	○	○	○
Highland areas	Subzone-IV Altos de Campana Area	Tourist facilities	○	○	○	○	○	
	Subzone-V El Valle area	Yacht harbor	○	○			○	
Road development	Trunk road	Accommodation development (new 85rm)		○	○		○	
	Access roads	Pan American Highway (Chorrera - Anton)*	Accommodation development (ex.44rm + new 220rm)		○	○		○
		Chame Area access road (Punta Chame - Rio Chame)			○	○		○
		San Carlos Area access road (Gorgona - San Carlos - Farallón)			○	○		○
		Access roads from Pan American Highway to beach areas		○	○		○	
		El Valle Area access road (La Union - El Valle)*		○	○		○	
		Altos de Campana National Park access road		○	○		○	

Note: *= National projects
ex.=existing

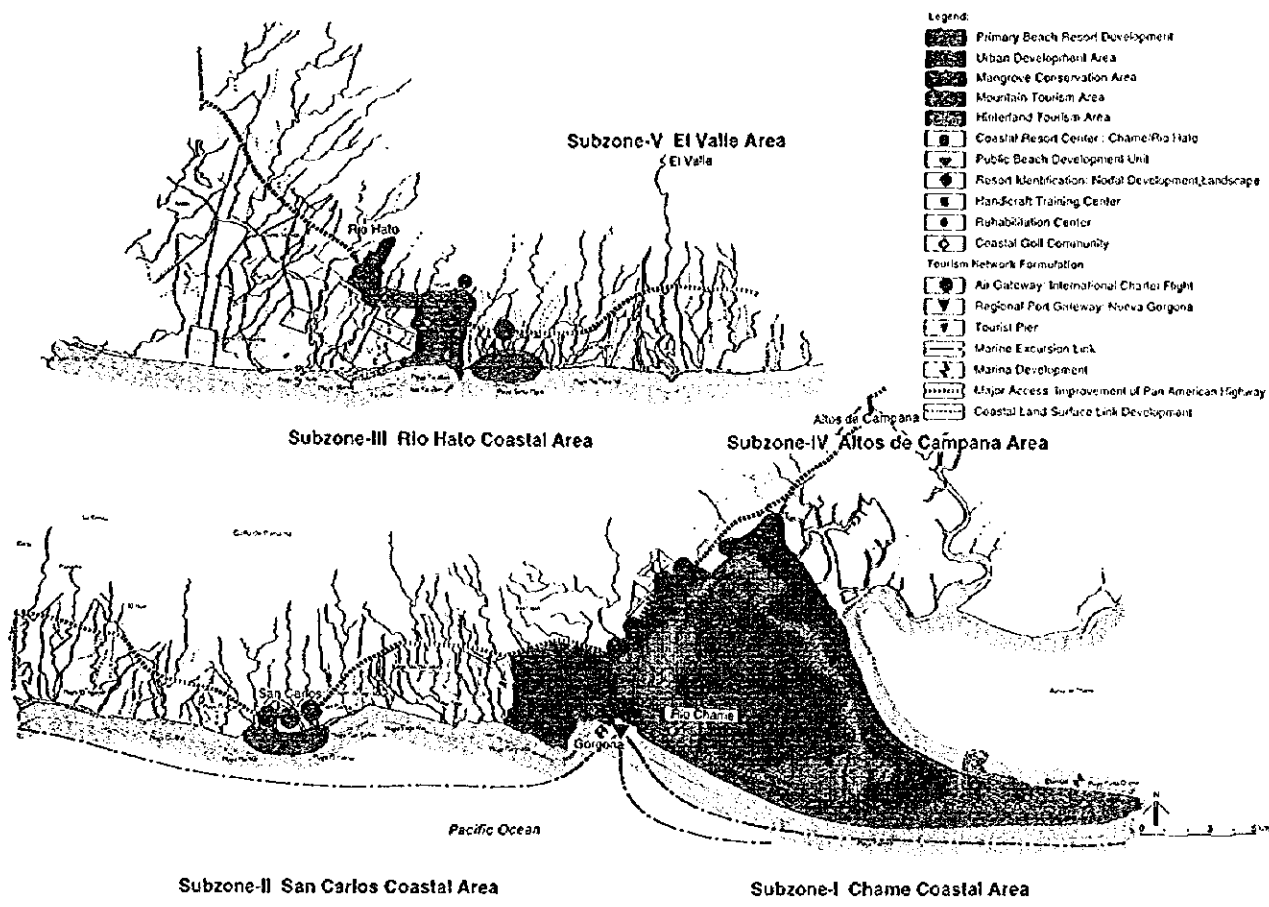
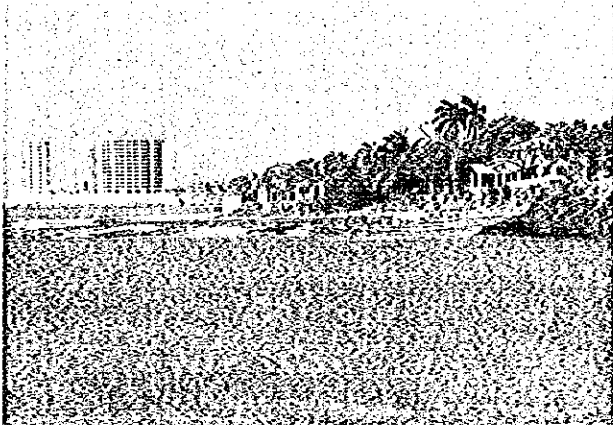


Fig. 5.4 Farallón Zone Long Term Tourism Development Plan

Chame west, vacation town of Nueva Gorgona



Chame east coastal area (Punta Chame)



Farallón beach



Punta Chame

5.2.4 Metropolitana Zone Long Term Tourism Development Plan

Trans-ocean and continental gateway.

Development Goals

- Optimal use of Panama canal as a tourist attraction.
- Formation as a hub of the tourism network of Panama.
- Integration of Panama city, Panama canal and the national parks, etc., as a tourism cluster.

Development Strategies

- Preparation of tourism areas along the Panama canal creating various tourism attractions such as an observation tower, museums, zoological and botanical garden, eco-tourism etc.
- Optimal use and improvement of tourism facilities and infrastructure.
- Improvement of impression given by Panama as the main gateway.

Tab. 5.11 Target Number of Visitors (1,000 persons)

Tourist types		~2000	~2005	~2010
Overnight stay	Foreign	1,860	3,562	4,300
	Domestic	420	741	1,476
	Subtotal	2,280	4,303	5,776
Daytime visit	Foreign	936	1,898	2,390
	Domestic	1,145	1,959	3,682
	Subtotal	2,081	3,857	6,072
Total		4,361	8,160	11,848

Note: overnight visitors are total staying overnight

Tab.5.12 Accommodation Requirement (Rooms)

	Existing	~2000	~2005	~2010
Additional	----	1,199	3,776	1,549
Total stock	6,031	7,230	11,006	12,555

Tab.5.13 Outline of Metropolitana Zone Long Term Tourism Development Plan

Development components		Project package	Phase program			Dev't body	
			Sho.	Mid.	Lon.	Pub.	Pri.
Subzone-I Pacific Ocean-side Area	Panama City	Tocumen International Airport improvement		○			○
		Metropolitan domestic airport improvement (Paitilla, Albrook or Kobbe)	○				○
		Accommodation development (ex.5,389 rm + new 2,880rm)	○	○	○		○
		Flower and Green City Project, Inter-urban bus center	○	○	○		○
	Puerto Amador	Accommodation development (new 830rm) Amador Port improvement		○	○		○
Balboa Port	Balboa Port improvement	○	○	○		○	
Metropolitana Natural Park	Visitor center		○			○	
Taboga Island	Accommodation development (ex.70rm +new 60rm)	○				○	
Subzone-II Isthmus Area	Gatun Lake Gamboa Area	Gamboa area accommodation development (new 650rm)	○	○	○		○
		Tourist center, Tourist pier, Marina	○	○			○
		Panama Canal Tower, Panama Canal Museum	○	○			○
		Gamboa Bridge	○				○
Soberania NP Summit Area	Summit area accommodation development (new 130rm) Zoological park, Botanical garden, Ecological study center Food Entertainment	○	○	○		○	
Camino de Cruses NP	Visitor center Eco-trail			○		○	
Chagres NP Alajuela Lake	Alajuela Lake area accommodation development (new 300rm)		○	○		○	
Subzone-III Caribbean Sea-side Area	Colón City	Cristobal Port facilities and marina Accommodation development (ex.572rm + new 155rm)		○	○		○
	Punta Toro Area	Accommodation development (new 380rm) Marina		○	○		○
	Gatun Area	Marina		○			○
Land transportation development	Railway	Panama Railway (Panama - Colón)*		○	○		○
	Trunk road	New Panama Colón Highway (Panama - Colón)*	○				○
	Arterial roads	Panama City North and South Corridors, Autopista*	○	○			○
	Access roads	Access roads of Canal Zone and Gatun Lake areas Access roads of Chagress NP and Alajuela Lake areas		○			○

Note: * = National projects
ex. = existing

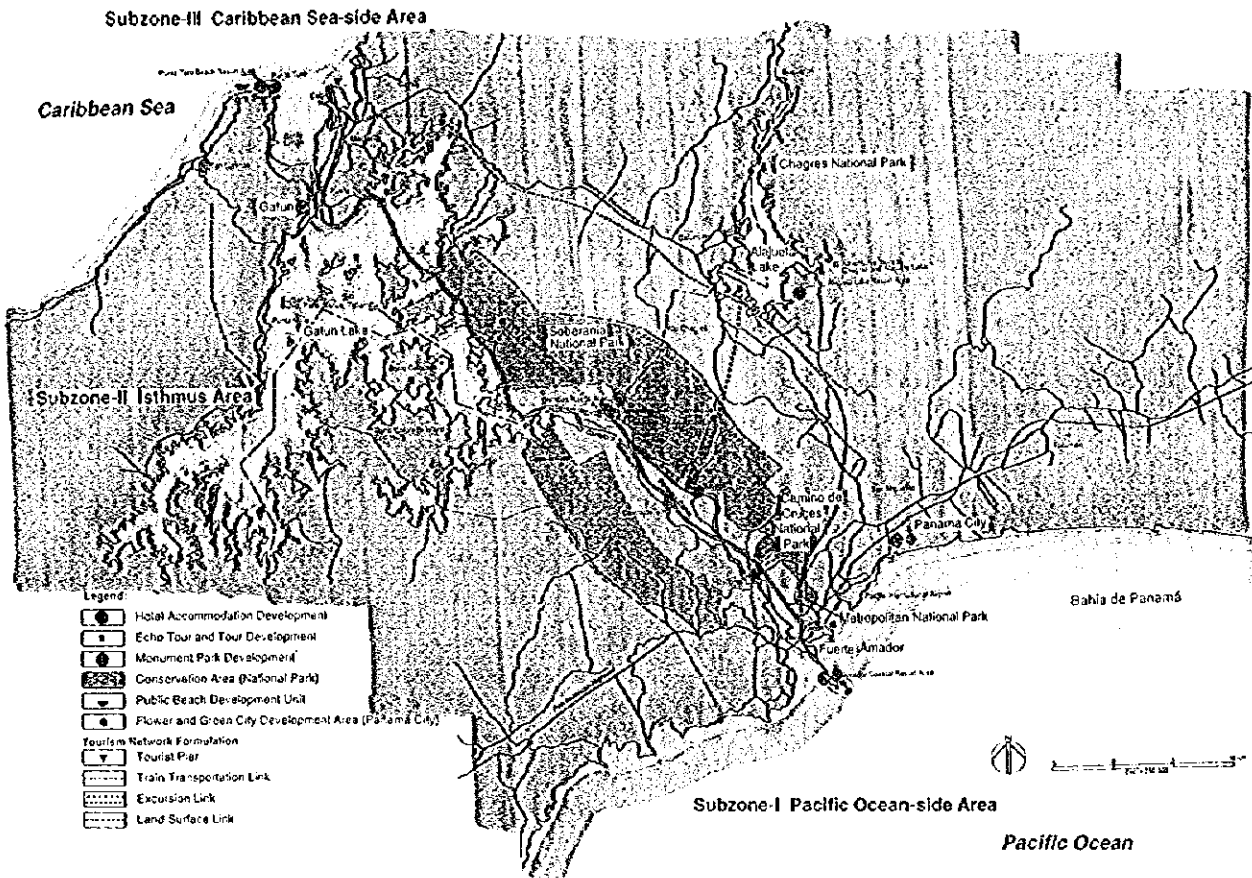
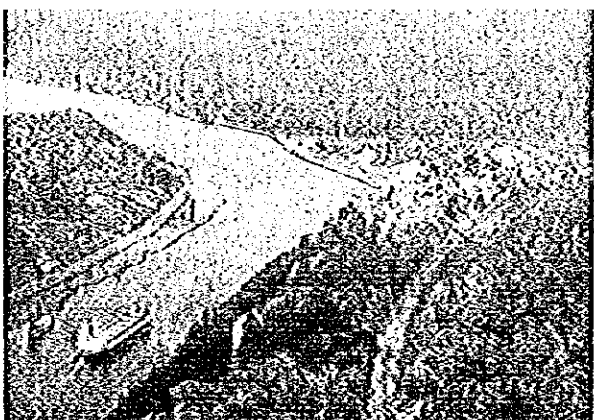


Fig. 5.5 Metropolitan Zone Long Term Tourism Development Plan

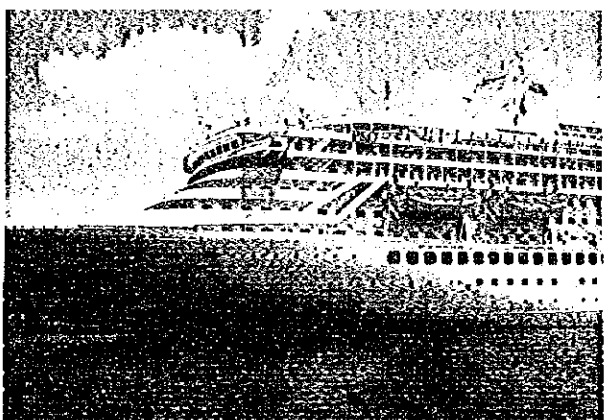
Panoramic view of Panama City



Casco Viejo: Historical architectural showcases



Tourist attraction of Panama Canal: history of technology, 80 km long, dramatic meeting of two oceans with three series of locks



Revenue from Canal represents 10% of the Panamanian GNP

5.2.5 Portobelo Zone Long Term Tourism Development Plan

Coral terrace projects into the Caribbean Sea.

Development Goals

- Formation of tourism corridor of Caribbean Costa Arriba.
- Environmental conservation and contribution to regional development.
- Formation of tourism area for day-trippers from Panama and weekend resort.
- First step to form a wide circuit route: Portobelo - Carti Suitupo - El Llano.

Development Strategies

- Development of the coastal road: Trigger to tourism and regional development.
- Construction of a port for Caribbean cruisers as a sea gateway integrated with marine facilities and accommodation.
- Preparation of accommodation and tourism facilities in Portobelo Town and coastal resort.
- Conservation and adequate use of historical, coastal and natural resources.
- Support for the conservation project of Portobelo Historical remains.

Tab.5.14 Target Number of Visitors (1,000 persons)

Tourist types		~2000	~2005	~2010
Overnight stay*	Foreign	200	500	1,000
	Domestic	135	243	492
	Subtotal	335	743	1,492
Daytime visit	Foreign	292	600	879
	Domestic	205	350	655
	Subtotal	497	950	1,534
Total		832	1,693	3,026

Note: * Overnight visitors are total staying overnight.

Tab.5.15 Accommodation Requirement (rooms)

	Existing	~2000	~2005	~2010
Additional	----	651	884	1,458
Total stock	76	727	1,611	3,069

Tab.5.16 Outline of Portobelo Zone Long Term Tourism Development Plan

Development components		Project package	Phase program			Dev't body	
			Sub.	Mid.	Lon.	Pub.	Pri.
Coastal Area Development	Subzone-I Portobelo Town	Restoration of historical monuments	○			○	
		Accommodation development (new 90m) Town Center beautification Information Center, Handicraft Training Center, Bus Center	○	○		○	○
	Portobelo Bay Area La Escucha	Portobelo Port development	○	○		○	
		Accommodation development (new 300m) Beach improvement, Marine center	○	○		○	○
	Subzone-II Puerto Lindo	Accommodation development (new 300m) Marine Sports Center, Tourist pier, Beach improvement	○	○		○	○
		Portobelo Peninsula Area La Guaira	Accommodation development (ex. 5m+new 300m) Beach improvement	○	○		○
	Isla Grande		Accommodation development (ex. 51m+new 50m)	○			
Subzone-III Nombre de Dios Area	Accommodation development (new 680 m) Tourist pier, Beach improvement, Historical park	○	○	○	○	○	
Subzone-IV Santa Isabel Area	Accommodation development (ex. 20m+new 1,270m)	○	○	○		○	
Subzone-V Portobelo National Park	Visitor Center Ecological trail	○			○	○	
Road development	Trunk roads	Cross isthmus road (Carti Suitupo - El Llano)*			○	○	
		Caribbean Costa Arriba road (Cuango - Carti Suitupo)* Caribbean Costa Arriba road (Sabanita - Cuango)		○	○	○	○
Access roads	Isla Grande access road (San Antonio - Puerto Lindo - La Guaira), Coastal circulation road (Portobelo Town - Cacique - Puerto Lindo)		○	○	○	○	
				○		○	

Note: * = National project
ex. = existing

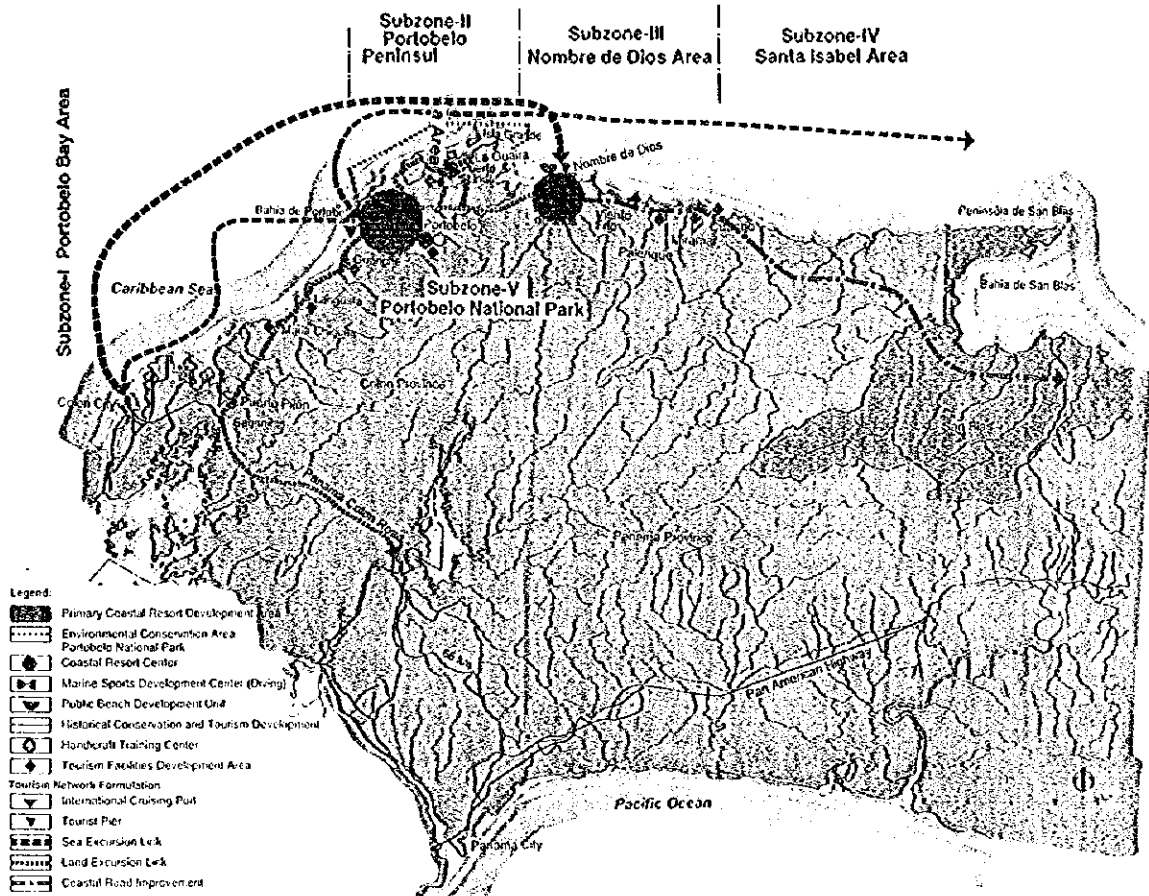


Fig.5.6 Portobel Zone Long Term Tourism Development Plan

Historical monument of Portobelo



Historical monument of Portobelo

Isla Grande: Small island of white sand beach and coconut plantation



Nombre de Dios

5.2.6 Las Perlas Zone Development Plan

The treasure box in the Pacific Ocean.

Development Goals

- Formation of a model for island type development in Panama.
- Tourism development as a key for regional development.

Development Strategies

- Tourism development of Isla del Rey and other islands.
- Preparation of high-speed maritime transport service connecting with Panama City.

Tab.5.17 Target Number of Visitors (1,000 persons)

Tourist types		~2000	~2005	~2010
Overnight stay	Foreign	200	800	1,200
	Domestic	135	243	492
	Subtotal	335	1,043	1,692
Daytime visit	Foreign	209	454	668
	Domestic	74	124	232
	Subtotal	283	578	900
Total		618	1,621	2,592

Note: * Overnight visitors are total staying overnight

Tab.5.18 Accommodation Requirement (Rooms)

	Existing	~2000	~2005	~2010
Additional	--	618	1,671	1,224
Total stock	151	769	2,440	3,664

Tab. 5.19 Outline of Las Perlas Zone Long Term Tourism Development Plan

Development components		Project package	Phase program			Dev't body	
			Sho.	Mid.	Lon.	Pub.	Pri.
Subzone-I Northern Islands Group	Contadora Island	Accommodation development (ex. 151rm+new 240rm)	○	○			○
	Pacheca Island	Accommodation development (new 180rm)	○	○	○		○
Subzone-II Central Islands Group		Accommodation development (new 410rm)		○	○		○
Subzone-III Del Rey Island	East San Miguel	San Miguel Airport improvement San Miguel Port development	○	○			○
	San Miguel Town	Tourist facilities	○				○
	Bahia del Rey Coastal Area	Accommodation development: - Playa Agustin Area (new 400rm) - Playa Honda Area (new 400rm) - Playa Maria Grande Area (new 300rm) - Playa flora Area (new 600rm) - Playa Gallinazo Area (new 190rm) Tourist facilities	○	○	○		○
Subzone-IV Pedro Gonzalez Island		Accommodation development (new 400rm)		○	○		○
Subzone-V San Jose Island		Accommodation development (new 390rm)		○	○		○
Road development		Access road (San Miguel Town - Isleta de Eu lalio Port)	○				○
		Access road (San Miguel Town - Punta Gallinazo)	○				○

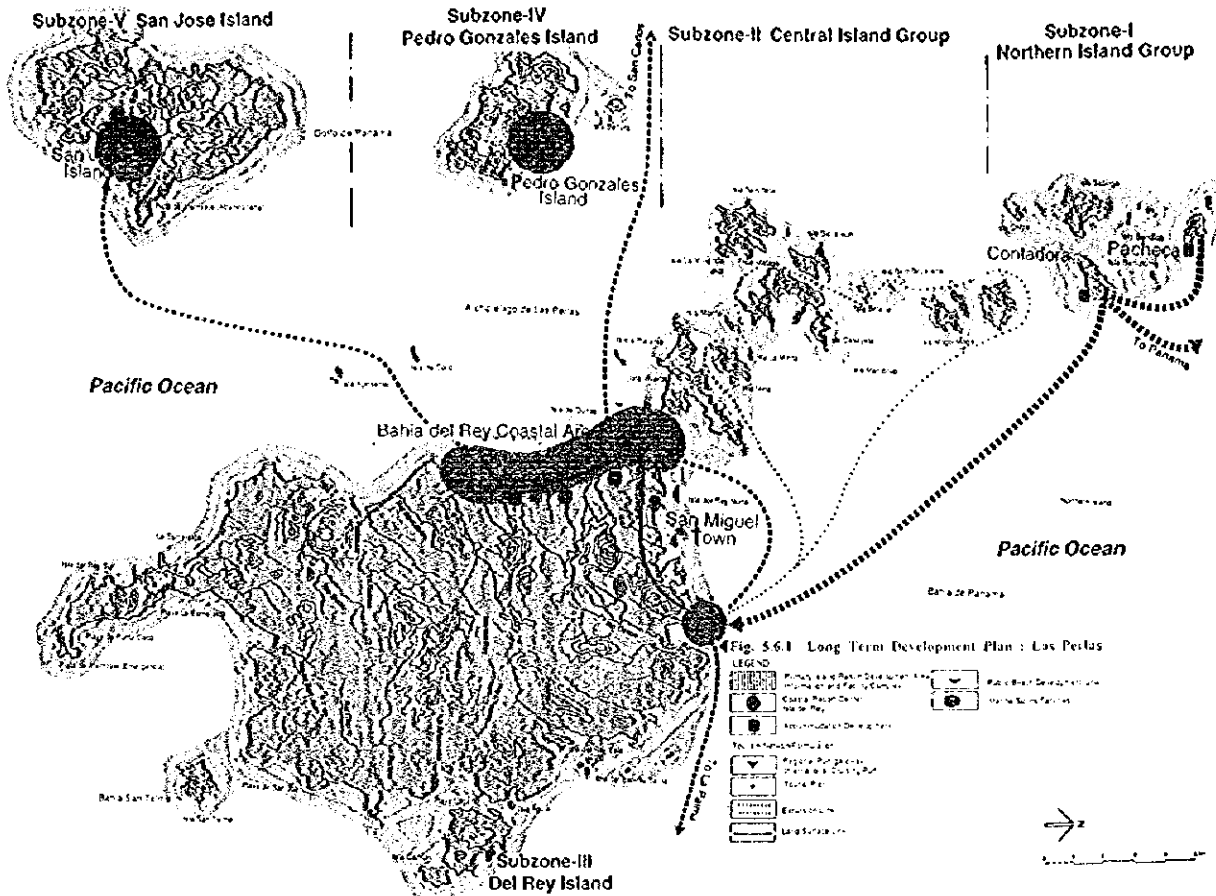
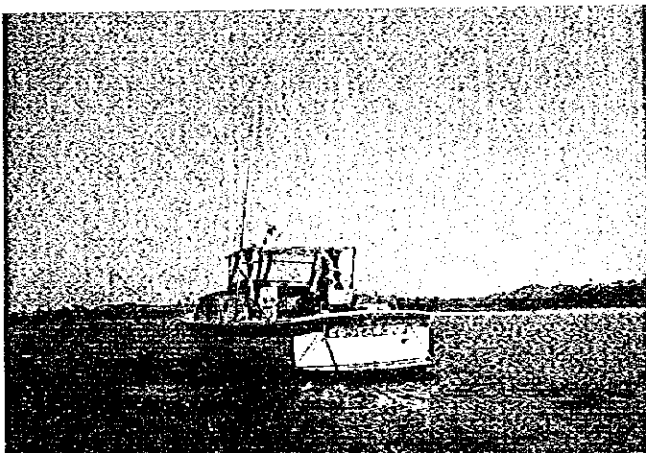


Fig. 5.7 Las Perlas Zone Long Term Tourism Development Plan

Isla Contadora: Most popular island and with superb white sand beach



Isla del Rey: the largest Island with natural center



The wealth of its underwater wildlife for diving and fishing



Isla San Jose

6. Tourism Development Implementation Plan and Cost

The project proposed in this master plan includes the nationwide tourism traffic system arrangement project as proposed in section 4.3 and the long-term tourism development projects classified by zones as proposed in section 5.2.

The nationwide tourism supporting projects are summarized in Table 6.2 and these, projects are required not only for the tourism sector but also for other sectors and regional development plans (these projects do not benefit the tourism sector alone) and are not included in the tourism development business project program in this survey. The long-term tourism development projects classified by zones (project components, package execution schedules, and developing bodies) are shown for each zone in section 5.2. In summary, this plan consists of 118 project packages (228 individual projects by phase) as shown in Table 6.1.

(1) Project Cost

The total cost of the 118 projects in the Regional Programs amounts to 961 million Balboa for public sector and 1,774 million balboas for private sector. It is noted that the costs estimated above exclude land acquisition costs since land is to be provided by the respective implementation agencies.

(2) Phasing Plan

Normally the most important projects should proceed immediately, however some important projects may require many years to complete. Therefore, project implementation should be scheduled in a phased manner according to the urgency, duration and readiness of the project.

Tab. 6.1 Number of Packaged Projects by Phase

Zone	Short	Medium	Long	Total
Bastimentos	13	15	14	26
Arco Seco	9	13	7	15
Farallón	12	17	11	19
Metropolitana	18	23	13	28
Portobelo	12	13	7	15
Las Perlas	13	11	7	15
Total	77	92	59	118

(3) Implementation

The organization for implementation will have 2 main functions, a management and coordination function and an implementing function. Implementation will generally involve existing agencies. The proposed implementing organizations are shown in the project summaries, by zone and include MOP, INRENARE, IDAAN and IRHE. Projects will be coordinated by IPAT in order to ensure effective implementation of the projects.

Tab. 6.2 Nationwide Tourism Supporting Projects List (B1. 1,000)

Project names	Cost
1. Chitère Airport improvement	38,798
2. San Miguel Airport improvement	64,900
3. Trunk road (Chiriquí Grande - Almirante)	91,222
4. Trunk road (Chiriquí Grande - Punta Icao)	84,766
5. Pan Am. Highway (Chorrera - Anton)	97,200
6. Access road (El Valle - La Uion)	20,500
7. New Panama Colon Highway**	328,000
8. Autopista (Arraijan - Panama)	1,800
9. Corridor Norte (Trans Istusina)**	77,580
10. Corridor Sur (Centro - Tocumen)	258,095
11. Inter-urban Bus Center	3,200
12. Trunk road (Cuango - Carti Suitupo)	31,034
13. Trunk road (Carti Suitupo - El Llano)	35,795
14. Railway (Panama City - Colón City)	140,000
Total	1,272,890

Note: **Private sector

Tab.6.3 Regional Projects by Phase

(B1. 1,000)

Zone	Public sector				Private sector				Total	Share
	Short	Medium	Long	Subtotal	Short	Medium	Long	Subtotal		
Bastimentos	54,031	88,189	75,652	217,872	20,000	45,600	85,160	150,760	368,632	13.5%
Arco Seco	33,238	49,384	7,372	89,994	32,600	19,300	26,625	78,525	168,519	6.2%
Farallón	39,928	94,256	54,458	188,642	56,300	148,010	200,939	405,249	593,891	21.7%
Metropolitana	44,904	93,382	143,461	281,747	175,450	319,155	123,150	617,755	899,502	32.9%
Portobelo	43,737	42,284	13,335	99,356	46,850	63,825	104,315	214,990	314,346	11.5%
Las Perlas	43,390	24,688	14,880	82,958	40,720	160,650	105,270	306,640	389,598	14.3%
Total	259,228	392,183	309,158	960,569	371,920	756,540	645,459	1,773,919	2,734,488	100.0%