PD-ABR-856
103367

SUSTAINABLE MANAGEMENT AND PROTECTION OF THE PANAMA CANAL WATERSHED WITHIN A FRAMEWORK OF RELIABLE COMMERCIAL AND CRIMINAL JUSTICE SYSTEMS

USAID ASSISTANCE TO PANAMA

STRATEGIC PLAN FY 2000-FY 2006

NOVEMBER 1999

A

ACRONYMS USED IN THIS STRATEGIC PLAN

ACADET	Detective Academy – "Academia de Detectives"
ACAPOL	Police Academy - "Academia de Policia"
ADR	Alternative Dispute Resolution
AGO	Attorney General's Office
AMUPA	Association of Panamanian Municipalities – "Asociacion de Municipios de Panama"
ANAM	National Environment Authority – ' Autoridad Nacional del Ambiente"
ANCON	National Association for Nature Conservancy - "Asociacion Nacional para la Conservacion de la Naturaleza"
APROSAC	Association for Community Environmental Health - "Asociacion para la Promocion del Saneamiento Ambiental en Comunidad"
ARI	Authority for the Inter-Oceanic Region
CASS	Cooperative Association of States for Scholarship
CBOs	Community Based Organizations
CDM	Clean Development Mechanism
CEASPA	Panamanian and Study Center for the Social Action - "Centro de Estudios y Accion Social Panameña"
CICH	Inter-Institutional Commission for the Canal Watershed – "Comision Inter-Institucional para la Cuenca del Canal"
CLASP	Caribbean and Latin American Scholarship Program
CFZ	Colon Free Zone
CODIM	Coordinator of Organizations for the Integral Development of Women - "Coordinadora de Organizaciones para el Desarrollo Integral de la Mujer"
COP	Conference of the Parties
CSO	Civil Society Organizations
DA	Development Assistance
DAC	Development Assistance Committee
DAEC	Development Assistance Executive Committee
DCA	Development Credit Authority
EPIQ	Environmental Policy Indefinite Quantity Contract
ESF	Economic Support Funds
EU	European Union
FIDECO	Ecological Trust Fund – "Fideicomiso Ecologico"
FSN	Foreign Service National
FUNDAMUJER	Foundation for the Promotion of Women - "Fundacion para la Promocion de la Mujer"
FUPASA	Panamanian Environmental Services Foundation - ' Fundacion Panameña de Servicios Ambientales"
G-CAP	Guatemala-Central America Program
GDP	Gross Domestic Product
GIS	Geographic Information System
GOP	Government of Panama
HRA	Human Rights Advocate

IA	Illustrative Approaches
ICASS	Inter-Agency Cooperative Administrative Support Services
ICITAP	International Criminal Investigative Training Assistance Program
IDB	Interamerican Development Bank
IEPI	Institute for International and Policy Studies - "Instituto de Estudios Politicos e Internacionales"
INRENARE	Institute of Renewable Natural Resources – "Instituto Nacional de Recursos Naturales Renovables"
IQC	Indefinite Quantity Contract
IR	Intermediate Result
ISWM	Integrated System for Waste Management
IWRM	Integrated Water Resources Management
JICA	Japan International Cooperation Agency
LAC Bureau	Bureau for Latin America and the Caribbean
MCI	Media Control Interface
MOU	Memoranda of Understanding
MPP	Mission Performance Plan
NATURA	Foundation for the Conservation of Natural Resources
NGO	Non-Governmental Organization
NPI	New Partnership Initiative
OAS	Organization of American States
OE	Operating Expenses
PASA	Participating Agency Services Agreement
PCA	Panama Canal Authority
PCC	Panama Canal Commission
PCW	Panama Canal Watershed
PLDO	Public Legal Defense Office
PNP	Panamanian National Police – "Policia Nacional Panameña"
PTJ	Technical Judicial Police – "Policia Tecnica Judicial"
PRD	Revolutionary Democratic Party
PROARCA	Regional Environmental Project for Central America
PVO	Private Voluntary Organization
R4	Results Review and Resource Request (R4)
SCJ	Supreme Court of Justice
SDA	Special Development Activities
SGO	Solicitor General's Office
SO	Strategic Objective
SOL	Legal Orientation Service
SpO	Special Objective
STRI	Smithsonian Tropical Research Institute
SUM	Sustainable Urban Management
U S	United States
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development

C

USDH	U S Direct Hire
USG	United States Government
USIS	United States Information Service
USPSCs	U S Personal Services Contractors
WB	World Bank
WID	Women in Development
WIDTECH	Women in Development Technical Assistance

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Part I SUMMARY ANALYSIS OF ASSISTANCE ENVIRONMENT AND RATIONALE FOR THE PANAMA PROGRAM

Introduction

This Strategic Plan describes and justifies a proposed development program to be implemented from FY 2000 through FY 2006 The level of resources required to implement the program is estimated at $45 5 million over the seven-year period The program will address critical issues related to the establishment of a sustainable Panamanian institutional capacity to protect and conserve the natural resources in the Panama Canal Watershed (PCW) A healthy watershed will assure the availability of water resources upon which the effective operation of the Panama Canal depends The program also seeks to level the judicial "playing field" by addressing specific shortcomings in the administration of justice in Panama, particularly in the criminal and commercial areas

It is anticipated that the synergistic effects of the activities under this program will contribute significantly to assure the effective and efficient operation of the Panama Canal and the creation of an economic and judicial ambiance that is conducive to increased investments and employment generation in the PCW and reverted areas

U S Foreign Policy Relationship of the Program to U S Foreign Policy Interest and Goals

Assistance to Panama is clearly in the U S national interest since the United States is a primary beneficiary of the Canal Approximately 12% to 14% of U S annual international maritime trade transited the Canal during 1995-97 Environmental protection and sustainable management of the PCW is vital to safeguarding the fresh water resources upon which the Canal depends

Success in mounting a sustainable management and protection program for the PCW also will depend substantially on fair and transparent justice systems If the reliability of those systems cannot be reasonably assured, United States Government (USG) and U S business interests are at risk, as is Panama's ability to attract investment and manage the PCW effectively Working with Panamanians to bring about critical improvements in the institutions, procedures, and regulations pertaining to the criminal and commercial justice systems is absolutely essential to the furtherance of U S national interests

The USAID assistance program to Panama also supports several key goals and related action plans of the Summit of the Americas These include guaranteeing sustainable development, conserving natural resources, and preserving and strengthening democracy

The USAID program is an integral part of the U S Mission Performance Plan (MPP) USAID contributes directly to the goals of *environment* by promoting the sustainable management and protection of Panama's most important natural resource, the PCW, *democracy* by seeking

positive changes in Panamanian criminal and commercial justice systems, and promoting a strengthened civil society, *open markets* by enhancing and solidifying trade liberalization initiatives, and by supporting resolution of intellectual property rights (IPR) disputes through a strengthened commercial justice system, and *humanitarian assistance* by improving the quality of life for Panama's under-privileged population and, under special circumstances, mitigating disaster hardships

Country Overview [1]

Socio-Economic Situation and Trends

Macro-Economic Context

Panama is characterized by a dual economy, i e , a modern, highly developed service and commercially oriented economy in the Metropolitan Area, which encompasses the cities of Panama, Colon, and their environs, and a more traditional agriculturally based (low income) economy in the rest of the country The majority of Panama's population resides in the Metropolitan Area Overall, the service sector contributes roughly 75% to the Gross Domestic Product, with agriculture and manufacturing contributing most of the remaining 25% Panama's service economy has strong links to international markets, primarily in the banking, legal services and insurance sectors, as well as through shipping and warehousing activities in the Colon Free Zone However, relatively high labor costs, inefficient public enterprises and a framework of inadequate incentives to attract private investment historically have limited Panama's agricultural and industrial productivity Accordingly, unemployment has remained high (13-14% in 1998) particularly in urban areas Unemployment has contributed significantly to the distorted income distribution, and a large proportion (almost 40%) of Panama's population is classified by the World Bank and the United Nations Development Program (UNDP) as living below the poverty line

After several years of very limited growth, the Panamanian economy has begun to respond to reforms launched by the Perez Balladares administration Since 1994, the Government of Panama has been implementing an ambitious economic reform program that has accelerated fundamental structural changes As a result, government tax revenues have increased, expenditures have stabilized and the external debt with commercial banks has been restructured Further, certain price distortions and unnecessary regulations have been eliminated, trade has been liberalized, and major infrastructure sectors have been opened up to private investment This reform program has put in place conditions conducive to sustained economic growth

[1] This section draws heavily from the World Bank (WB) and Inter-American Development Bank (IDB) Country Strategy papers for Panama

Social Context

A recent survey conducted by the GOP with World Bank support in 1997 confirmed that almost one million Panamanians are poor (17% of the population) or extremely poor (22% of the population) Although Panama's per capita GDP in 1997 was estimated at US$2,438 (US$2,509 in 1998), among the highest in the region, the survev also showed that the inequality in its distribution is among the highest in the world More than half of the nation's children and 95% of the indigenous population live in poverty Less than half of the population is rural, but three quarters of the poor and 88% of the extreme poor reside in the countryside Although povertv is largely a rural phenomenon, urban poverty is not unimportant Sixteen percent of the urban population is poor, but an additional 25% is clustered just above the poverty line High poverty and inequality are in part the legacy of prior policies during the '70s and '80s that severely penalized growth and employment, distorting social expenditures and redistributing income from the poor to the non-poor

Panama's average social indicators are relatively good Life expectancy is 74 years and the literacy rate is 92% However, the health status and educational attainment of the poor, especially the rural poor and the indigenous population have lagged far behind despite the fact that the country spends 15% of GDP on social programs The poor also have limited access to basic infrastructure, secure property rights and financial markets

Although health indicators show some improvement, spending on health care is focused on curative medicine in urban areas, while 30% of the population has no access to basic health services The ratio of inhabitants to doctors ranges from 500/1 in urban areas to 4000/1 in rural areas

Overall, the quality of education is relatively good in comparison to countries with a similar and even higher per capita income Teachers are well trained, the student/teacher ratio is about 25 to 1, and textbooks are of high quality However, the education expenditure structure is regressive with only 1 7% of the budget going for preschool instruction Thirty percent of spending on education goes to higher education to which only a small number have access In the poorest areas, the quality of basic education is deteriorating dramatically Dropout rates are increasing, and the number of girls attending schools is decreasing The decline in the quality of education is most pronounced in rural areas

With regards to housing, statistics have shown a gradual improvement between 1970 and 1990 (Data in this area will be updated as part of the 2000 census) Access to basic services and indicators of overcrowding also have evolved positively These trends are more evident in urban areas where the rate of housing construction has surpassed population growth As to sanitation facilities, two-thirds of new dwellings have incorporated septic tanks or latrines However, there is a housing shortage of some 200,000 units Particularly among the poorest segment of the population, the demand for housing far exceeds the supply High building and land costs account, in the main, for the limited supply of housing for the poor

Rapid population growth along the Panama-Colon Corridor and the expansion westward of the Panama City metropolitan area are placing significant pressures on future demand for water, sanitation facilities and recyclable wastewater treatment facilities Potable water availability ranges from 83% of the population nationally to 23% in the poorest urban and rural areas

Public Services and Infrastructure

The limited coverage, high costs and low reliability of public services have retarded growth, degraded the environment and contributed to unhealthy living conditions Power outages are relatively frequent, connection delays are protracted, rural coverage is only 50%, and the price of electricity for industrial users is 40% higher than in the U S Only 67% of the urban and 20% of the rural population have adequate sanitation facilities available to them Treatment of sewage is virtually nonexistent, and wastewater is discharged directly into watersheds, rivers and marine areas Phone coverage is low (11 lines/100 persons), it takes months to install new lines While the Inter-American Highway from Panama City to Costa Rica and the Transisthmian (Colon-Panama City) Highways are in good shape, the rural road system in general is severely deteriorated, contributing to high transport costs Until recently, Panama's shipping costs were 50-160% above those in competing ports Ports were privatized in 1997, and several concessions were granted for new ports Manzanillo, the first private container port, has reduced shipping costs to Asia by 66% In 1997, the Government privatized the telecommunications sector for US$652 million The National Legislative Assembly also adopted legislation which separates policy, regulatory and delivery functions in power and water, as well as unbundles operations to foster competition and open them to private capital The national electricity institute has been divided into eight companies which were privatized (except transmission) The Perez Balladares Administration halted plans to privatize the water utility, leaving action in this area to the new government which took over September 1, 1999

Major Development Constraints and Opportunities

The greatest concern of Panamanian policy-makers is the emergence of a world recession, especially a situation where growth in the U S economy and Latin America slows considerably Lower world growth and trade would reduce demand for Panama's Colon Free Zone (CFZ) exports, Canal traffic and other services linked to world trade Thus far, the impact of the international financial crisis on Panama has been limited, largely resulting in somewhat lower growth in 1998 and weak growth expected in 1999 So far, Panama has maintained its investment grade credit rating (Baa1) which, along with Chile, is the highest sovereign credit rating in Latin America The impact of low growth has been felt mainly through lower than expected Canal traffic and stagnant CFZ exports At the same time, there are some concerns that prolonged turbulence in Asia may lead to prolonged postponement of some private sector projects in infrastructure, especially in the former Canal Zone, where the Government has been hoping to attract a larger share of Asian investors

Panama has several factors that favor investment the country's geographical location, the stability of its dollar-based economy, the appeal of the areas reverted to the GOP in the former Canal Zone and military bases, the fact that its external debt has been restructured, and a solid macro-economic policy structure which is indorsed by the IMF and the World Bank These advantages have generated positive expectations regarding the success of mining projects and container ports, the sale of 49% of the stock of the National Institute for Telecommunications, and infrastructure initiatives such as "Centropuerto", a rail link between the ports of Balboa (Panama City) and Cristobal (Colon) and the Southern Corridor (the toll highway between Panama City and its airport) With regard to services, opportunities exist for development in reverted and established areas, including telecommunications, the international banking system and the capital market, industrial processing zones, export financing facilities transshipment of containerized goods fed by ongoing canal traffic as well as possible tourism and eco-tourism infrastructure investments

The incoming Government of Panama and the private sector need to engage in a broad policy dialogue to define a joint working agenda which will make it possible to create the required incentives to private investment, strengthen the international competitiveness of Panamanian companies and increase company productivity In particular, a review must be undertaken to identify bottlenecks in existing legislation which may interfere with greater transparency in the rules affecting investors, particularly with regard to concessions, an area in which the government already has initiated a review and simplification process on the basis of framework laws for the telecommunications, electric power and water sectors The new GOP s stated intent to increase agricultural import tariffs has generated expressions of concern from non-agricultural business groups Restrictive trade policies such as these will also attract the attention of foreign investors and the World Bank

Political/Governance Situations and Trends

Following the ouster of the Noriega's regime, the 1990-94 Endara Administration began the process of strengthening civilian governance and democracy The military was abolished by a constitutional amendment launched by President Endara, and its abolition was completed under the 1995-1999 Perez Balladares Administration The Endara Administration also secured legal reforms that increased the autonomy of the Electoral Tribunal and electoral transparency

The last President, Ernesto Perez Balladares, had hoped to be reelected However, on August 30, 1998, he lost a referendum that would have legally allowed him to run for reelection by an almost two-to-one margin Furthermore, the May 2, 1999 national election, (which was judged to be free, fair and transparent), resulted in the election of Mireya Moscoso of the opposition Arnulfista party to the Presidency The Moscoso Transition Team has a wide-ranging agenda which encompasses environmental, AOJ and other themes of interest to USAID Several get-acquainted meetings have been held with Moscoso Transition Team members, and initial briefings have been held on USAID s AOJ and PCW Programs We expect good collaborative working relationships with the new GOP

The change in government may delay decision-making on the USAID Program Although the platform of President-elect Moscoso contains environmental and justice sections that dovetail with USAID s objectives, the transition between governments will slow program implementation as new officials settle in and orient themselves and their programs Notwithstanding, the elections also provide an opportunity to put PCW management and USAID s AOJ strategy on the agenda for many of these officials

The GOP has made significant progress in modernizing its financial management system with the on-line implementation of its integrated system budget, accounting, public debt and treasury Expansion of the system to cover all public sector entities is currently underway Nevertheless, much needs to be done regarding internal controls auditing and corruption in general, as has been evidenced by recent scandals involving low-cost housing and the social security program

Since 1990, the Government has moved to reestablish judicial independence, strengthen judicial institutions and modernize the legal system Judicial investigation is now autonomous and a judicial career path has been established Nonetheless, complete independence of the Panamanian judicial system is yet to be achieved A March 1998 poll indicated that 85% of the population felt the Judicial Branch lacks transparency and that the majority of judges were corrupt Judicial administration is slow, as indicated by the fact that 60% of pending cases await a hearing for over a year, and 40% for over three years A 1996 business survey showed lack of confidence in the capacity of the judicial system to provide prompt conflict resolution USAID recently reinitiated a modest program in administration of justice that complements a larger effort supported by the IDB This program is aimed at assisting the GOP to effect fundamental changes in the policies and laws related to both criminal and commercial justice systems

The strengthening of local governments in the PCW and buffer areas is an area that has received USAID attention and will continue to receive assistance during the strategy period Municipal governments in Panama face deeply entrenched centralism, a limited revenue base and weak institutional capacity In assisting the targeted "municipios" to address environmental issues in the PCW, focused technical assistance and training will be provided

The development and strengthening of non-governmental organizations (NGOs) and community based organizations (CBOs) are strategic targets of future USAID programs Overall these organizations and other civil society entities are very weak and have limited impact on the development process in Panama If adequately developed, nurtured and strengthened, they can play a vital role in fostering the achievement of USAID s and Panama s development objectives USAID will seek to involve civil society organizations, particularly NGOs and CBOs, in its efforts to achieve its SOs on a sustainable basis

The Environment

Panama's natural heritage, including its biodiversity, is of considerable environmental, economic and social value The potential for the comprehensive use of renewable and non-renewable natural resources and for eco-tourism is fairly high, a factor which over the long-term will foster

sustainable human development in Panama However in order to manage environmental development and prevent the loss of natural resources greater social awareness of the natural resource endowment is essential It is necessary to adapt policies and legislation, consolidate and strengthen the implementing institutions, strengthen their coordination capability, develop targeted environmental education and awareness programs, and periodically review the environmental strategy to ensure that it supports development, including economic growth, the well-being of society and environmental protection The environmental regulatory and policy-making framework also must be adapted and strengthened

In the past, environmental issues were a relatively low priority The legal framework was ill-defined and institutional responsibility dispersed However, significant progress has been made in recent years Panama has now assigned 23% of its territory to the National Protected Areas System and adopted additional pro-environment legislation, culminating in the recent passage of the General Environmental Law

Because an adequate environmental policy has been lacking, land use has been disorganized Squatter takeovers have led to the loss of renewable natural resources and pollution, and have caused serious environmental degradation Extreme concentration of land and rural poverty have fostered indiscriminate mining of soils, deforestation and watershed degradation, resulting in intensive migration from the Pacific area into the cities, the Panama Canal Watershed, and the relatively land-rich Atlantic and Darien regions This has resulted in unsustainable "slash and burn" farming practices deep into the Atlantic biological corridor Deforestation and the advance of the agricultural frontier have penetrated a large swath of the biological corridor and extensive areas of the Canal Watershed, threatening national parks and ecological reserves Erosion and sedimentation from deforestation are beginning to affect Canal operations in the dry season Deforestation is also jeopardizing the operation of the Bayano hydroelectric plant which lies to the east of the PCW and supplies about 25% of all hydropower in Panama

With respect to other water resources, contamination of fresh and coastal waters has reached serious proportions The direct discharge of raw sewage into Panama Bay is causing severe contamination of this once beautiful natural resource, and nutrient products from human and animal wastes are beginning to cause similar problems in parts of the PCW Pollution of streams and rivers poses a health threat to the rural poor The urban population also faces environmental health risks as a result of inadequate sewerage treatment, chemical contamination and runoff, oil spills, and uncollected solid domestic and industrial waste

Measures to prevent and control environmental problems require the active participation of civil society The programs focusing on the PCW, Darien and strategic watersheds elsewhere in Panama require the support of an effective environmental legal framework, a strong central environmental authority and other environmental sector entities

The most important environmental challenges require 1) completing the establishment of an appropriate legal framework with adequate regulations and procedures for the protection and proper use of the natural resource endowment, and facilitating democratic participation by

organizations of civil society in the sustainable development process 2) giving preference to prevention, reduction and control of environmental degradation over environmental rehabilitation since it is much cheaper to prevent such degradation than it is to correct it, 3) identifying areas and/or programs requiring appropriate environmental management in order to foster the sustainable use of natural resources for which land management and zoning laws will be needed, and 4) developing environmental education and awareness programs to foster due appreciation of the natural resource endowment and properly price the goods and services yielded by this endowment

The Reverted Areas

On December 31, 1999, ownership of the Panama Canal Area and all its assets will revert to the Panamanian government The efficient and rational development of these assets will attract foreign investments and create jobs as a result of short and medium-term productive activities to be implemented by the private sector Consequently, the strategic development of the Panama Canal Area is one of the major challenges that Panama will face in the next few years The benefits of the reversion process will depend on efficient utilization, the duration of use and the economic return on the alternative uses of the facilities The effective use of the reverted areas will, in the very short-term, have a significant positive impact on GDP growth, given its linkages with export activities For the short-term, the GOP has identified shipping, tourism, industry, and science and technology as having the greatest potential for development Considerable progress has already been made with regards to shipping activities marketing of port services for the ports of Balboa (Pacific) and Cristobal (Atlantic), the concession of two new ports (Manzanillo and CocoSolo), the reconditioning of a tanker port (Petroport), the concession of the transisthmus railway and the Arraijan fuel tank concession Tourist activities include the signing of contracts with local and international investors for hotel development in Fort Amador and eco-tourism development in Gamboa Construction continues on the Fort Davis industrial park Work on the "City of Knowledge" concept, now in the pre-feasibility phase, will focus on teaching and research directed at developing new technologies, with a view to making Panama an international center for prestigious educational services and high tech research activities at various locations in the reverted areas The City of Knowledge's interest is to seek participation of private business and international consortiums of universities and research institutions like the research triangle approach used in North Carolina

Customers and Partners

In developing this Strategic Plan, the Mission worked closely with its customers and partners This collaborative effort spanned the entire continuum from the earliest stages of the planning process to the final product Strategy groups comprising the Mission's core objective teams held numerous meetings with various partners, including Government of Panama (GOP) officials, NGOs, other donors, private sector representatives, universities, women's groups and community leaders Consultants studied specific problem areas and provided vital inputs into the process Virtual and TDY team members from Washington were involved at different stages of the process and provided feedback and insights on the development of the strategy

Rationale for Focusing on Particular Areas

In FY 1996 when budget stringency forced the Agency to implement austerity measures in Panama and worldwide, USAID/Panama began refocusing and consolidating its program in the areas with potential for the greatest impact with existing very limited resources The Mission eliminated its democracy objective and concentrated all of its resources on the Panama Canal Watershed and the reversion of the Panama Canal U S military bases and other properties and installations At the same time, the World Bank, IDB and other bilateral donors assisted the GOP in other economic and social sectors

The justification to focus assistance to the GOP in the PCW and on the Canal and the Reverted Areas was based on two factors 1) the political decision to effect a smooth and seamless transfer of the Panama Canal and surrounding areas in support of the implementation of the Panama Canal Treaties, and 2) the need to lay the foundation for the conservation and protection of the PCW to help assure adequate volumes of water for Canal operations and the consumption needs of Panama City and Colon To reasonably assure achievement of these objectives, it was determined that additional time and resources would be required beyond the FY 2000 closeout date

In June 1998, the structure of the Panama program and its future were formally reviewed and it was decided to extend activities beyond FY 2000 and re-initiate administration of justice activities The Development Assistance Executive Committee (DAEC) cable (State 153699) therefore directed the Mission to develop a Strategic Plan to be implemented beyond FY 2000 in three areas The Panama Canal Watershed, Administration of Justice and Reverted Areas (as an SpO)

Subsequent analyses and discussions by the U S Country Team in Panama has led to further refocusing of the program on the Watershed and Administration of Justice Strategic Objectives and a decision at the Country Team level to drop the Reverted Areas SpO as of December 31, 1999 The Country Team (not including USAID, which was in disagreement with the decision) felt that the GOP had sufficient resources to manage Reverted Area issues post-1999

Part II PROPOSED STRATEGIC PLAN FOR PANAMA

Summary of Program Objectives

The overall Mission goal that will guide assistance to Panama over the seven-year strategy period (FY 2000 - FY 2006) is to "Ensure Sustainable and Productive Use of the Panama Canal Watershed in the Framework of Reliable Commercial and Criminal Justice Systems "

USAID's program for Panama includes two Strategic Objectives The first Strategic Objective is "Panama Sustainably Manages the Canal Watershed and Buffer Areas " This objective focuses on establishing and maintaining protection and management systems for the PCW to ensure that its land, water and natural resources are used in a sustainable manner The objective encourages participation of national and local governments, non-governmental institutions, and citizens in the effective administration of the PCW

The second Strategic Objective is "Fair, Fast and Independent Criminal and Commercial Justice Systems Facilitated " This objective is designed to support the consolidation of on-going efforts by the Government of Panama to implement critical reforms of its criminal and commercial justice systems Establishing effective criminal and commercial administration of justice is of critical importance to all other USAID and broader USG objectives within Panama Enforcement of environmental regulations that are the basis of the sustainable management of the Panama Canal Watershed (PCW) ultimately depends on a justice system capable of enforcing regulations The continuing operation of the Canal itself implicitly requires a justice system that assures the application of commercial law and procedures which meet international standards of speed, fairness and transparency

Primary support for reform of the criminal justice system is presently provided by the Inter-American Development Bank (IDB), but key complementary support for strengthening of justice sector institutions is needed to achieve the objectives of this reform Important areas that must be addressed are police training, the use of alternative dispute resolution mechanisms and the professionalism of the judiciary, in addition to the elevation of the role of civil society The civil code in Panama has not been updated since 1917, and substantial reforms are required to bring this legislation up to the standards required by the globalized market of the next century As with the criminal system, institutional strengthening work will also be undertaken in the civic system Active and effective demand for reform must come from an organized civil society if the effort to modernize the justice systems is to prevail and sustain itself

The Mission estimates that achievement of the two strategic objectives will require seven years of USAID assistance In addition to annual progress reports submitted via the R4 process, the Mission also intends to carry out substantive evaluations of progress against overall SO indicators in FY 2002 or 2003

Linkages to GOP Objectives

Protection of the water and natural resources of the Panama Canal Watershed is a major objective of the GOP USAID's Strategic Objective #1 is also supportive of the GOP's efforts to devolve authority and responsibility to local governments In addition, the development of environmentally sound employment alternatives is consistent with GOP objectives to improve the economy in general and provide economic opportunities for the poorer segments of society in particular Strategic Objective #2 supports Panama's desires to formulate, institutionalize and implement activities designed to assure sustainable fundamental systemic changes in its judicial system

Linkages to other USAID Objectives

Strategic Objective #1 directly supports USAID's environmental objectives to preserve biodiversity and promote integrated water resources management It is also closely related to USAID's objective of strengthening democratic institutions and civil society in that elements of the SO focus on empowering local-level governments and strengthening NGOs and CBOs In addition, this objective explicitly promotes broad-based economic growth in the watershed in general, and in Panama as a whole, addressing poverty issues for small farmers and communities in the watershed

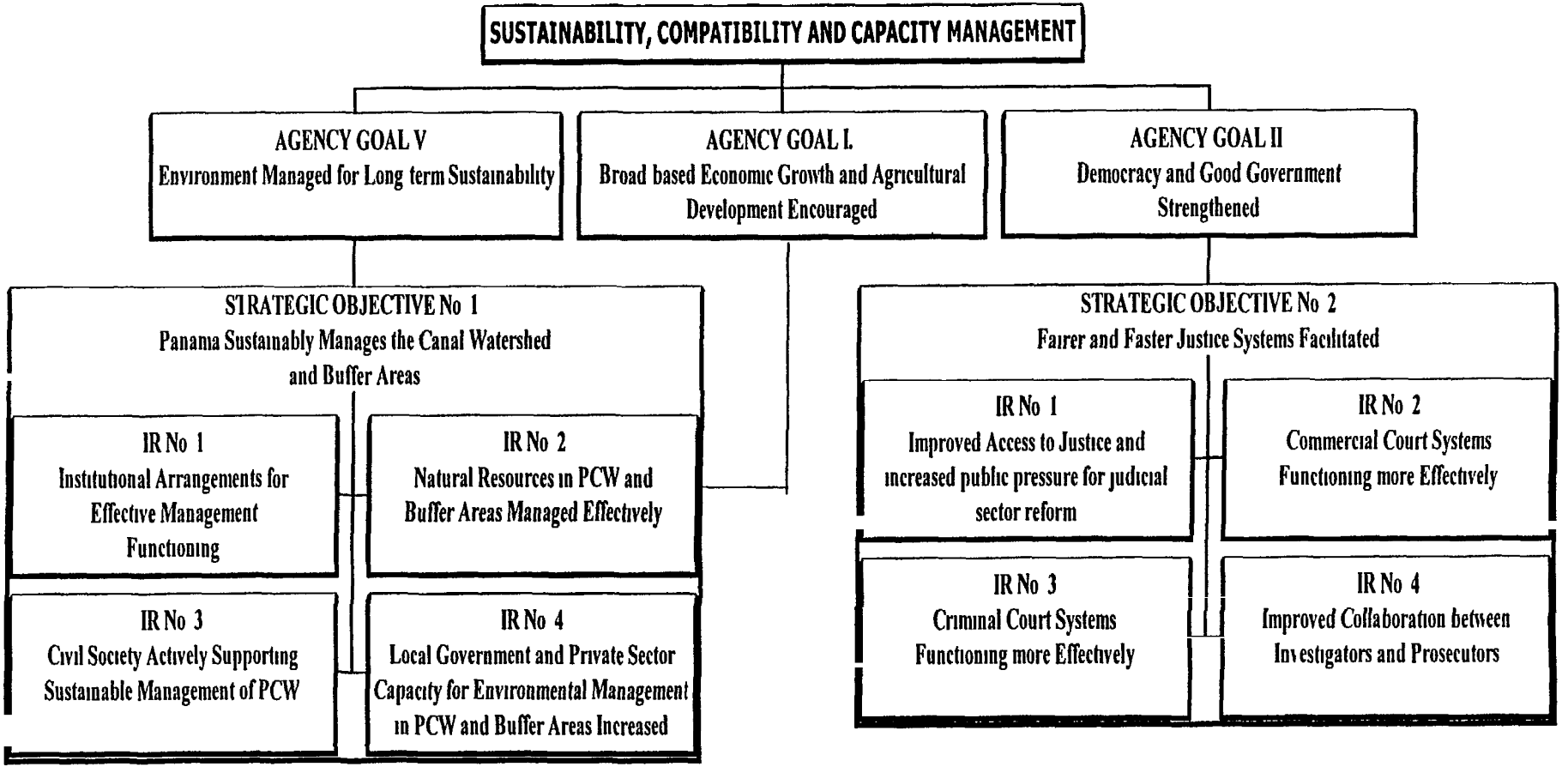
The activities under Strategic Objective #1 also address three of the four areas outlined in USAID's Climate Change Initiative increasing participation in the Framework Convention for Climate Change, reducing net greenhouse gas emissions from the land use/forestry sector and reducing vulnerability to climate change In close cooperation with USAID/Central American Programs and partners in Panama, USAID/Panama has developed its own climate change action plan that is included as Appendix 3

Strategic Objective #2 supports USAID's goal of strengthening democratic institutions and building sustainable democracies, especially as it relates to the strengthening of the rule of law and respect for human rights Here again development of politically active civil society organizations interested in improving the justice system will provide for further strengthening of democratic institutions Finally, the Mission expects that there will be a positive impact on broad-based economic growth as a result of work in strengthening commercial law systems

Unifying Themes

In developing this Strategic Plan, the Mission has built in four unifying themes that are essential to the effective achievement of its Strategic Objectives These are the strengthening of civil society, the improvement of the institutional capacity of the public sector, the development of human resources through training and capacity building, and the maintenance of a gender focus in all of our activities

B. STRATEGIC OBJECTIVES LINKAGE TO AGENCY GOALS



Strengthening Civil Society

Civil society, defined for the purposes of this Strategic Plan as NGOs/CBOs, constitutes the most basic expression of a country s social/political fabric In the case of Panama, the fabric is not strong For this reason, USAID has identified strengthening of civil society as an important element in each of its SOs The intent is to develop new, or strengthen existing NGOs/CBOs, such that they either play a major supporting or leadership role in pushing for improvements in conditions and performance in both the environmental and justice sectors

An important sub-element within this theme is the need for consensus building or team building Effective management/protection of the PCW and improvements in AOJ will not be possible if Panamanians do not reach consensus on what needs to be done or do not form teams (alliances, ad hoc associations, etc) to do it Work with civil society will therefore focus not only on the institutional aspects of the process but also on ensuring that the NGOs/CBOs in question work with other partners to achieve and sustain the objectives contemplated in this strategy

Institutional Strengthening

Institutional capacity within the public sector is key to ensuring effective management and protection of the PCW The complexity and scale of the challenges in the actual transfer of the Canal and the newly acquired mandate with respect to the PCW warrants additional efforts to strengthen the public sector entities that will most likely be a part of the Inter-Institutional Commission for the Canal Watershed (CICH) that the PCA has to establish and coordinate The PCA itself will require technical assistance in governance issues and environmental concerns pertinent to the PCW The National Environmental Authority (ANAM) and the Regional Inter-Oceanic Authority (ARI) will also receive institutional strengthening assistance so that they can better execute their roles in management of PCW water and natural resources

Institutions in the justice sector are also in need of strengthening While USAID is the lead donor entity in PCW work, the IDB manages the bulk of donor resources directed toward justice, much of it going for institutional strengthening USAID activities will complement that strengthening work via training and technical assistance directed toward the judiciary and other actors in the justice sector

Training/Capacity Building

Human resource development is a key step towards sustainability Training is viewed as a strategic tool for maximizing results Training topics will be chosen on the basis of diagnosed needs as well as the probability of producing a multiplier effect that is supportive of the Mission's objectives The approach will be two-fold *comprehensive training* programs which are designed to improve general technical skills as well as yield behavioral changes (particularly as regards ethics, corruption and consciousness-raising on the value of the environment), and *complementary, theme-specific training* programs which are targeted towards more limited specific technical issues

The comprehensive training programs also consistently address issues such as improved land use within the context of the Regional Plan, environmental awareness regarding healthy watershed systems and effective management practices Crosscutting themes include the establishment of partnerships, networks and alliances, as well as the fostering of leadership, conflict resolution and gender sensitivity Reproduction of the training programs is a goal of the activity Reproduction of the training models and the contracting of appropriate local NGO's to channel local training have proven an effective local capacity-building mechanism

Funding limitations within the AOJ SO will probably not allow for use of comprehensive programs as they are structured in the PCW SO However, USAID plans to use training to impart consistent messages/instructions regarding ethics, corruption and accountability in all areas of the AOJ SO

Gender Issues

In general, women play a critical role in the development of viable economic communities in Panama However, women living in or near the Panama Canal Watershed exhibit certain cultural patterns that prevent them from becoming fully active and dynamic members of the development process

All of USAID/Panama's activities will maintain a focus on the importance of women in promoting sustainable development Activities in micro-enterprise development, generation of employment alternatives, legal education, waste recycling and training will be key activities ensuring adequate representation of women in the development process Disaggregation of data will be a tool for recording and evaluating gender impact

Description of Objectives

Strategic Objective 1 — Panama Sustainably Manages the Canal Watershed and Buffer Areas

a Introduction

Statement of Strategic Objective

On December 31, 1999, the Government of the United States will revert the Panama Canal, its operations, and associated lands and facilities to the Government of Panama (GOP) The Panama Canal contributes substantially to Panama's economy (7-8% of GDP) and is important to world trade and to the economic growth of the western hemisphere [2] As the GOP assumes responsibility for the operation of the Canal, the mandate of the newly-created Panama Canal Authority (PCA) will extend beyond the management of the Canal itself to include, in coordination with other competent Panamanian authorities, the protection, conservation, and maintenance of the water and natural resources of the PCW (See Maps 1 and 2)

To assist Panama in assuming this responsibility and to serve the U S interests in the sustainable operation of the Canal, USAID/Panama proposes the Strategic Objective of "Panama Sustainably Manages the Canal Watershed and Buffer Areas" with the following supporting intermediate results

Intermediate Result 1	Institutional Arrangements for Effective PCW Management Functioning,
Intermediate Result 2	Natural Resources in the PCW and Buffer Areas Managed Effectively,
Intermediate Result 3	Civil Society Actively Supporting Sustainable Management of PCW and
Intermediate Result 4	Local Government and Private Sector Capacity for Environmental Management in PCW and Buffer Areas Increased

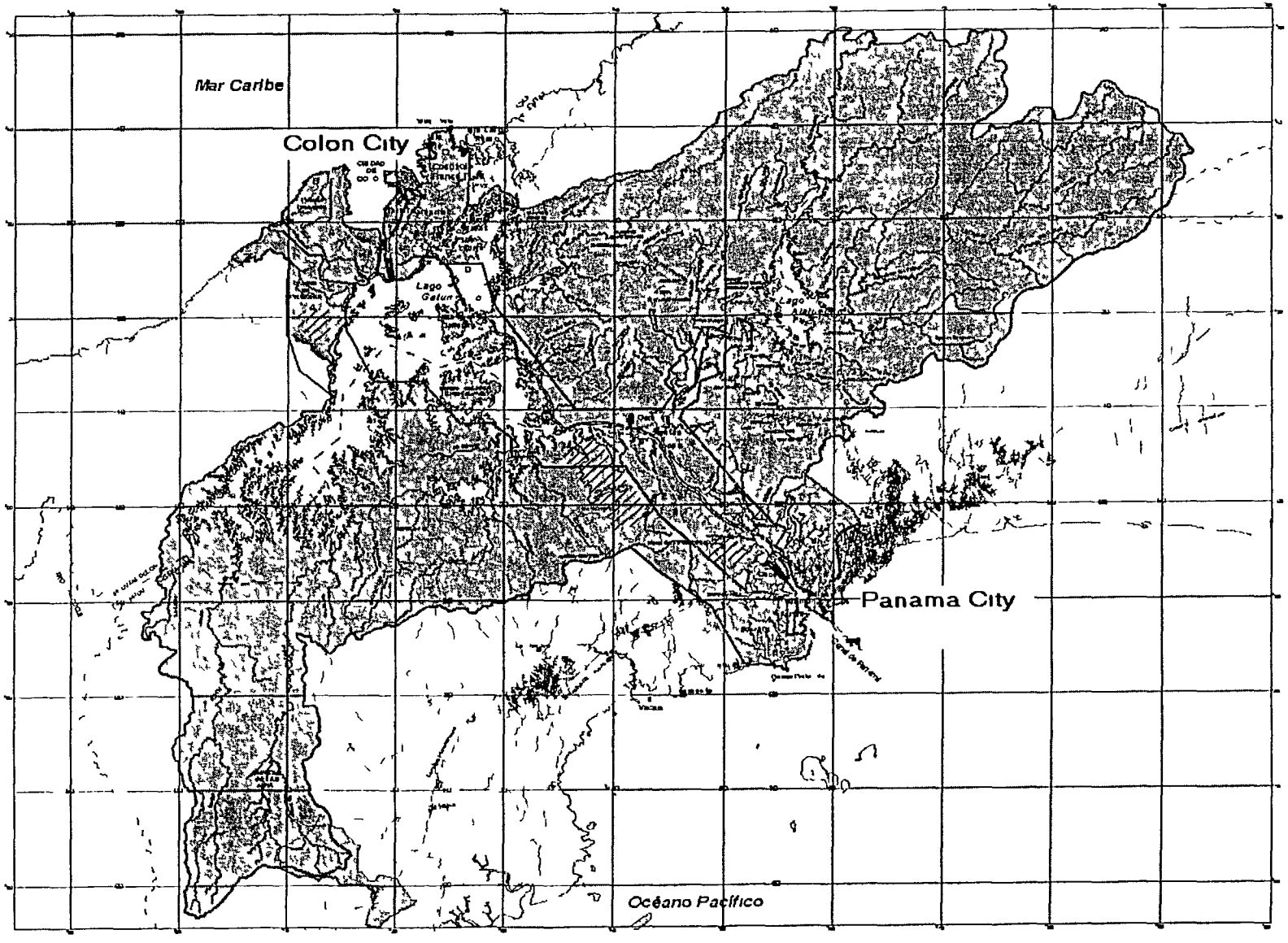
The Strategic Objective is worded to emphasize Panama's increased responsibilities associated with watershed protection It is crucial that the interests, activities and energies of numerous stakeholders, including the central government, local governments, the private sector and non-governmental organizations (NGOs)/community base organizations (CBOs), be accommodated and well-coordinated to sustainably manage the Panama Canal Watershed and its buffer areas

As important as the Canal watershed is to the functioning of the Canal, it is not a system in geographic isolation Therefore, USAID is proposing to *expand its geographic focus to include*

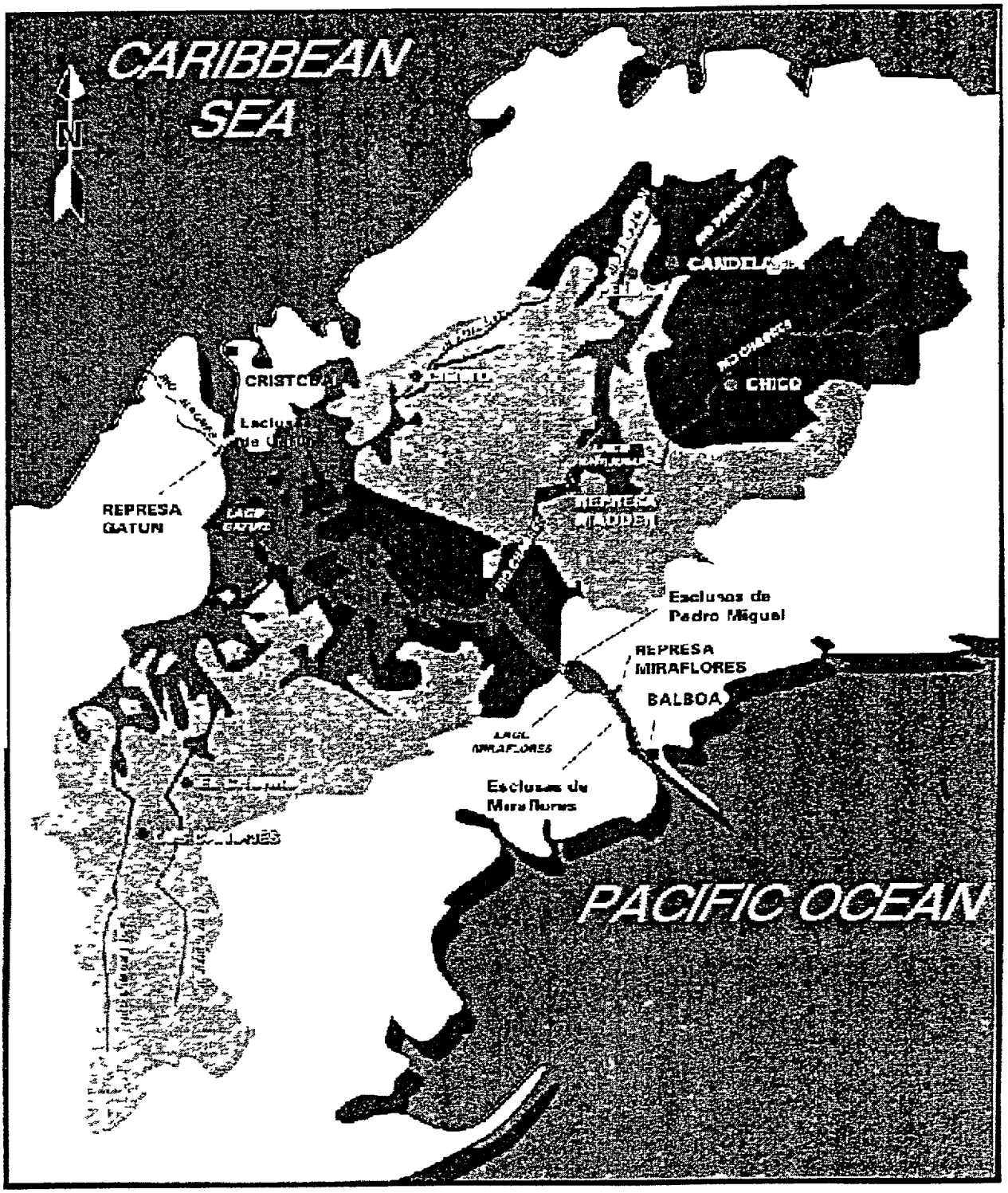
[2]The U S is the primary beneficiary of the Panama Canal Approximately 14% of its international trade transits the Canal The Canal is also critically important for a number of Latin American countries, especially Peru Ecuador and Chile From 30% to over 60% of the international trade of these countries transits the Canal each year

MAP NUMBER 1

PANAMA CANAL WATERSHED AND BUFFER AREAS



MAP Number 2
Panama Canal Watershed



buffer areas adjacent to the watershed This includes the Pacific and Atlantic ends of the former Canal Zone ("inter-oceanic region") that are not part of the physical watershed By including these areas, our geographic focus corresponds with the Regional Plan adopted in Law 21 and includes all the reverted areas It also allows the Mission to work in vital natural areas (such as San Lorenzo) that are ecologically, geographically, economically, demographically and institutionally (if not hydrologically) connected to the Canal Panama City and Colon will also be included in the program, but **only to the extent that they have spillover impacts on the PCW** These cities exert significant economic and environmental (solid and liquid wastes, in particular) pressures on PCW resources Moreover, 62% of the inhabitants of the PCW live in "corregimientos" that are within the "distritos" of Colon and Panama[3] Therefore, while USAID will not become involved in municipal development issues for the cities themselves, we will selectively work with "distrito" and "corregimiento" level governments in Panama and Colon to promote effective PCW management With this expanded geographic focus, our programs can proactively address problems in buffer communities that currently, or in the future, have detrimental impacts on the PCW

Problem Analysis

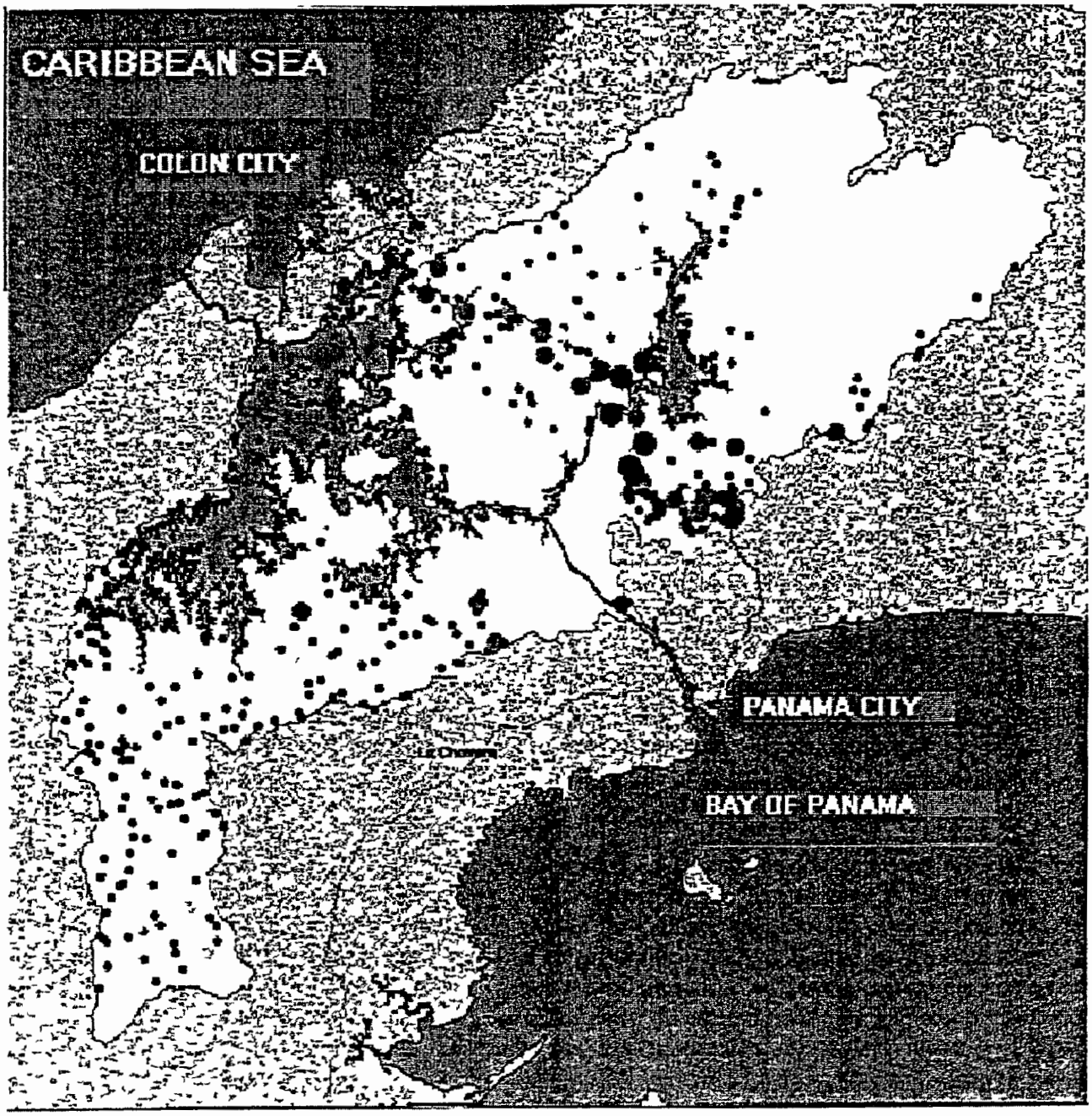
Numerous studies, including one conducted by USAID in 1994, have established *the link between the environmental protection of the Panama Canal Watershed and the effective long--term operation of the Panama Canal* Efficient operation of the Panama Canal relies on the fresh water provided by rain across the 326,000 hectare PCW, as each ship passage requires 52 million gallons of gravity-fed fresh water for the locks system Currently about 40 ships transit the Canal every day, using over 2 billion gallons of fresh water Moreover, the PCW supplies an additional 200 million gallons daily for municipal and industrial uses for 1 5 million people in the Panama City and Colon metropolitan areas, as well as water for the numerous communities within the watershed Plans for Canal expansion and increased municipal and industrial growth will demand even greater quantities of water

Population Pressure The PCW is under increasing population pressures In 1950, approximately 22,000 people lived in the PCW and the combined population of Panama City, Colon and other settlements surrounding the PCW was about 400,000 Today, there is an estimated population of more than 143,500 in the PCW, with approximately 1,400,000 people in the metropolitan urban areas adjacent to the PCW Of those in the watershed, a population of about 33,000 lives in the rural areas west of the Canal with the remainder located along the more urban and semi-urban Transisthmian Corridor linking the cities of Panama and Colon (roughly paralleling the Transisthmian Highway) [4] New economic projects and the reversion of U S

[3]Panama is geo-politically divided into provincia distrito (also denominated as municipalities) and corregimiento levels Roughly speaking, 'provincias correspond to U S states distritos to counties (that can include both urban and rural areas) and 'corregimientos to wards The entire watershed is located in the provinces of Colon and Panama within six different ' distritos (Arraijan Chorrera Capira Colon Panama and Portobelo) Thirty-three corregimientos in these six ' distritos have land in the PCW

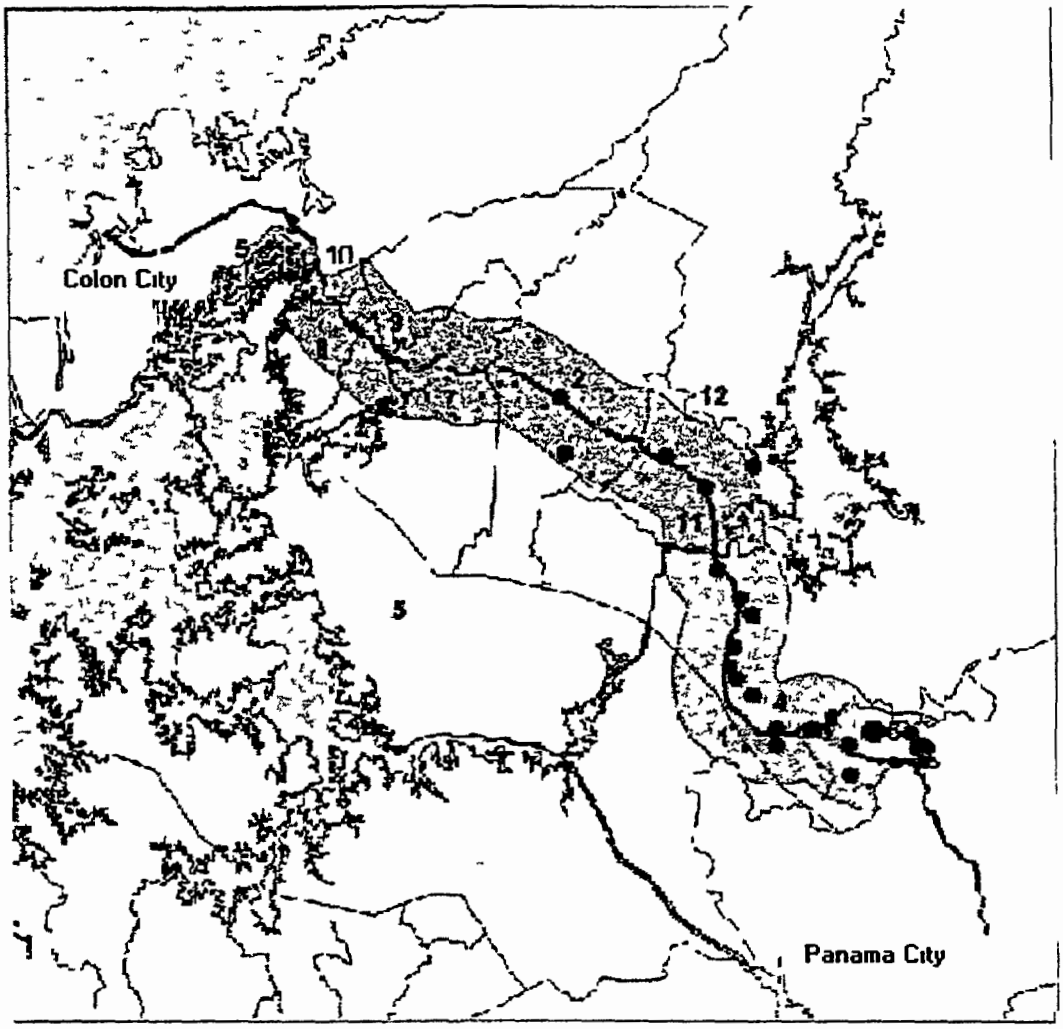
[4]Oct 1997 annual technical report of Smithsonian Tropical Research Institute/INRENARE Monitoring Program

MAP NUMBER 3
POPULATION DISTRIBUTION IN THE PANAMA CANAL WATERSHED 1998



Source PCW Monitoring Program

MAP NUMBER 4
POPULATION LOCATED ALONG THE TRANSISTHMIAN CORRIDOR IN THE PANAMA CANAL WATERSHED



1998
Source PCW Monitoring Program

military bases in the PCW will encourage further immigration into the area Such an immigration magnet effect occurred in Arraijan in 1987-1989 after reversion of U S properties (See Maps 3 and 4)

Such population pressure results in water quality degradation and changes in land use as people clear forests and start farms and businesses These farms and businesses are primarily extensive cattle ranching operators on the west side of the Canal and urban and industrial expansion on the east side Urbanization is moving close to the boundaries of the Chagres National Park, the buffer zone around the principal feeder river for the Canal Economic activities, including mining and industrial development, are increasing rapidly in the PCW, especially along the Transisthmian Corridor Land development is occurring in areas that cannot sustain such use With the departure of the U S military, whose bases have historically served to buffer expansion of human settlements, land which will have reverted to Panama by the end of 1999 will be subject to increasing population pressure and the accompanying environmental impacts

Watershed contamination Waste generation in urban areas is increasing at a rate seven times faster than population growth[5], inadequate solid waste disposal practices are the rule, and only two poorly-functioning sanitary landfills exist in Panama at present One is located at the edge of one of the PCW national parks (Camino de Cruces) and serves Panama City, the second, at Mount Hope in the North, serves Colon, but it is scheduled to close as part of the reversion process Wastewater treatment is virtually unheard of for either domestic or industrial discharges Urban areas within the PCW are showing evidence of significant water contamination The resulting eutrophic effect of the increasingly polluted rivers, creeks and lakes may soon impact the multiple uses of the Canal and watershed For example, increased nutrient loads promote the growth of dense aquatic vegetation that could ultimately increase maintenance costs of the Canal Although drinking water supplies are not currently at risk, if current trends continue, it will become increasingly challenging to continue to provide potable water to PCW inhabitants and residents of Panama City and Colon

Deforestation, sedimentation In 1952, over 80% of the land in the PCW was covered by closed forests, and these forests helped control erosion and sedimentation in its river valleys and lakes As a consequence of population pressure, forest cover within the PCW was subsequently reduced, particularly on the West Bank of the Canal By the 1990s, forest cover in the PCW had been reduced to about 30% and sedimentation in Lakes Alajuela and Gatun had reduced their storage capacity by about 8% and 12%, respectively Through increased GOP-reforestation efforts (some of which were supported by USAID) and the inaccessibility of much of the remaining forested lands, the net deforestation rate has fallen to about 50 hectares per year, and sedimentation rates for Lake Alajuela appear to have held steady or declined since 1986 [6] The

[5]Solid Waste Management in Panama Tropical Paradise to Garbage Dump? Vijay Aswani

[6]Active protection of Lake Alajuela sub-watershed began around 1980 Chagres National Park was created in 1984 As a result of GOP efforts supported by USAID projects protection of the forest cover in these areas has been increasingly effective Forest cover within the Chagres National Park has increased during the 1990s primarily through natural regeneration of former cattle pastures

bulk of the remaining forest cover within the PCW is east of the Canal in the upper Chagres River valley and along the banks of the Canal itself These are areas which have benefited from PCC/GOP protection efforts (and in many cases are located close to former U S military bases)

While sedimentation of Lake Alajuela and Gatun does not represent a significant problem at current sedimentation rates, erosion and sedimentation rates could accelerate if current GOP efforts to protect forest cover falter Moreover, extractive industries in the PCW are currently generating large quantities of sediment Protection of the upper Chagres River valley is especially important because it provides 40% of the water for Canal operations, generates hydropower, and provides most of Panama City's drinking water Losses in storage capacity of Lakes Gatun and Alajuela and increased municipal water supply demands could affect future Canal operations, especially in the dry season or in times of prolonged drought

Participation of Civil Society and Local Governments Both civil society and local governments have the potential to serve as conduits for public participation in decision-making processes such as those affecting PCW management and protection The recent emergence of civil society organizations in Panama has contributed to building consensus on national issues, including environmental issues A small number of civil society organizations have met regularly since 1996 and in 1998 formalized their interactions as a civic forum entitled "Asamblea de la Sociedad Civil", the Civil Society Assembly Local governments have sought increased representation to the central government as well, some of which may be achieved through a new Municipal Reform Law that is in draft stage

However, the role of both civil society and local governments continues to be limited by their organizational weaknesses, and in the case of local governments, laws and traditions which favor a strong, centralized form of government Within Panama, few environmental NGOs exist that have the capacity to undertake projects or to represent to policy-makers the views of citizens on environmental issues This has led to under-utilization of the Ecological Trust Fund (FIDECO) that was set up to provide funds to NGOs for PCW environmental projects The development and implementation of NGO-led environmental projects has been constrained both by inadequacies in the NGOs themselves and by a political environment that fails to facilitate the development of a vibrant environmental NGO community Similarly, local governments are limited by their own weaknesses and by national policies that hinder their ability to formulate and implement PCW protection efforts The cornerstone of environmental protection for the PCW, the Regional Plan, was developed with limited public participation, and its mandates are poorly known by municipal and community leaders As the first line of defense, participation by all stakeholders at the local level, including civil society and local governments, will be vital for sustainable management of the PCW and the buffer areas

Policy Legal and Institutional issues Currently, the GOP policy formulation and decision making process on environmental matters in the PCW is fragmented among numerous public institutions with different jurisdictional mandates over the environment Coordination is limited, often leading to conflictive interventions, duplication of effort, resource misallocations and implementation of unsustainable management and protection practices Outside of the excellent

long-term water quantity records of the Panama Canal Commission (PCC) limited high-quality information is available for use by natural resource managers, and predictive capabilities are likewise limited

Upon the transfer of the Canal and its operations to the GOP, a new entity, the Panama Canal Authority (PCA), will assume management and operation of the Canal Law 19 of June 11, 1997 which created the PCA recognizes the importance of the PCW to Canal operations and mandates "the protection, conservation, and maintenance of the water resources of the Canal watershed in coordination with the competent authorities" **This law gives the PCA responsibilities that extend beyond those of the PCC for watershed management and protection** Whereas multiple institutions now have specific, legally mandated environmental functions in the PCW, Law 19 recognizes the need for effective inter-institutional coordination and mandates creation of an Inter-Institutional Commission for the Canal Watershed (CICH) to coordinate watershed issues Currently, the PCA and PCC are preparing operational arrangements for the CICH with support from USAID/Panama

Key legal instruments for the management and protection of the PCW are the Regional Plan (covering the entire PCW) and the related General Land Use Plan for the Canal operating sub-areas prepared by the Authority for the Inter-Oceanic Region (ARI) and included in Law 21 of July 2, 1997 Policies and regulations need to be developed to make these plans work Moreover, the top-down, centralized process in defining the long-range land uses for the PCW without adequate consultation and support of the people being affected could lead to widespread practices contrary to the Regional Plan Any enforcement/deterrent measures that might be contemplated for managing the PCW will probably be limited because of the high cost of policing actions of the estimated 143,500 people now living in the watershed

Another positive step that brightens prospects for effective management and protection of the PCW is the passage in July 1998 of the new environmental law Law 41 elevated the former Institute of Renewable Natural Resources (INRENARE) to the National Environment Authority (ANAM) and broadened the powers and responsibilities of this institution Law 41 also explicitly calls for local participation in environmental decision making and allows for public-NGO partnerships for managing protected areas Other positive regulatory changes are in process The GOP is considering amending the current forestry incentive law to provide adequate incentives to small and medium size producers A national environmental strategy has recently been approved through a participatory process that, among other things, will facilitate the systematic formulation and implementation of policies that provide incentives for socially acceptable and ecologically sustainable economic growth and development Pending is the development of a national environmental action plan that outlines the specific activities to be implemented within a given time period, and identifies the magnitude and the sources of required financial and other resources

In sum, while most of the basic framework laws have been passed, several important ones, notably the municipal reform law, which would advance decentralization, are still pending More important is that the vast majority of the implementing regulations necessary to administer

and manage the PCW (especially for Laws 19, 21 and 41) remain to be adopted. In essence, the task of setting up the organizational and policy structure for running the PCW is only now getting underway

Vision of Desired Conditions in 2006

With the assistance of USAID, Panamanian institutions have accomplished important gains in the watershed over the past few years which include 1) establishment of a trust fund currently valued at $32 million to provide funds for NGO and GOP environmental (including PCW) protection activities, 2) delineation and development of management plans for several protected areas in the PCW, 3) establishment of a well-trained monitoring unit collecting information on the condition of the watershed, 4) completion of municipal assessments in four watershed municipalities, 5) demonstration and training activities in agro-forestry, and 6) the start of environmental awareness and communication activities Much needs to be done in the next seven years to solidify the gains that USAID and our Panamanian partners have achieved Below we outline a vision for how the management of the PCW will be functioning by 2006 and present our proposed approach to achieve this Strategic Objective

It is within the U S Government's manageable interest to work with Panamanian partners to assure that Panama sustainably manages the PCW and buffer areas in accordance with the Regional Plan To achieve that goal, *USAID/Panama proposes a seven-year strategy*, to run until September 2006 (fiscal years 2000-2006) Seven years will give the SO an opportunity for significant progress with the recently-elected government between 1999 and 2004 and continuity with a new government in the two full years after the 2004 elections With the PCA and its environmental coordinating body, the Inter-Institutional Commission for the Canal Watershed (CICH) in nascent stages, long-term USAID support will help these institutions map their way through implementation of their new environmental responsibilities The seven-year horizon also gives the Mission time to focus on increasing participation of the numerous stakeholders in decision-making for PCW management and protection -- the major requirement for achievement of a sustainable protection and management system for the PCW Within this planning horizon, alliances can be made, a workable vision for watershed management by multiple parties can be identified, and sectors can be developed and acted upon

Beyond the results already achieved, USAID/Panama envisions that by September 2006, Panama will be effectively and sustainably managing this critical national and international resource in accordance with the Regional Plan *Our vision of the PCW and buffer areas by that time is*

- The PCA and the CICH are effective in coordinating PCW activities in compliance with Laws 19, 21, and 41 They have a trained staff, sound operating policies and regulations, and are financially self-supporting,
- GOP and local governments in the PCW are effectively implementing and enforcing the Regional Plan (Law 21),
- Communities and local governments are aware of and supporting actions to manage natural resources in the PCW,

- The private sector is supportive of watershed management processes in the PCW, such that businesses work with communities to minimize pollution, to comply with land use plans and to generate environmentally sound employment opportunities,
- Public fora with wide participation are used for making decisions on land use and development in the PCW,
- Replicable and appropriate information is available and used to make decisions about land use and development in the PCW,
- Natural resources in the PCW are being used and managed in a rational manner relative to current and future generations, such that sustainable agriculture and agro-forestry become prevalent in the watershed,
- Natural ecosystems are functioning well in the PCW, providing eco-tourism attractions, safeguarding biodiversity and regulating the hydrology, and
- Natural areas in the PCW draw many visitors and generate income for local communities

While no single set of approaches or institutional structures is sufficient to achieve this vision it is clear that the interests and activities of the four major stakeholder groups in the PCW - the central government (e g , PCA, ANAM, ARI, and other ministries and autonomous agencies), local governments, the private sector and non-governmental organizations (both NGOs and CBOs) must be accommodated and effectively coordinated to sustainably manage the PCW and its buffer areas In short, successful long-term management and protection of the PCW will depend upon education, consensus-building, and teamwork between these groups

Critical Assumptions

The success of USAID/Panama's program will depend on numerous factors, several of which are beyond the Mission's control Some of these critical assumptions are presented below

- There will be continued high level GOP commitment for management and conservation of the PCW in accordance with the Regional Plan

- The PCA will continue to be the lead institution in the PCW as specified in Law 19

- The GOP will provide an adequate budget to ANAM for operation, training and internal improvements to carry out its mandated functions

- Political changes resulting from the May 1999 elections will not cause significant disruptions to the proposed program

- Funding levels for USAID/Panama and counterparts will be sufficient to implement the proposed program

Commitment and Capacity of GOP and Other Donors

The *World Bank* (WB) Country Assistance Strategy for Panama for 1999-2001 anticipates a US$130 million to US$225 million lending program to support a human resources development and targeted poverty program, growth-accelerating policies, and selective activities focused on environmentally sustainable development Planned activities, which will complement or directly address sustainable management of the PCW include land administration and PCW conservation With two-thirds of agricultural land holdings lacking registered property titles, a land demarcation and titling activity will modernize the land registry system nationwide and enable small farmers to leverage financial resources This will support environmental reconversion and conservation by stemming deforestation and soil degradation, thereby complying with the goals of the Regional Plan In addition, a technical support activity for PCW conservation is planned to begin in July 2000 and will address the reconversion to agro-forestry of 145,000 hectares of primarily cattle ranching areas located mostly on the western side of the PCW The WB plans to support and strengthen the Ministry of Agricultural Development (MIDA) as it implements this program The strengthening of MIDA's institutional capabilities and rehabilitation of degraded areas through sustainable farming practices will enhance conformity with the Regional Plan (Law 21)

The *Inter-American Development Bank*'s (IDB) current (1997-1999) Country Strategy for Panama includes sustainable development activities which support the establishment of an institutional and operational framework to promote the development of a modern National Environmental Strategy Included in these activities is the strengthening of comprehensive watershed management programs IDB is investigating three technical cooperation projects in the PCW in the form of pilot projects for conversion of lands from pasture to agro-forestry and for reforestation projects These projects would support compliance with the Regional Plan These potential activities will complement and be coordinated with proposed World Bank and USAID/Panama interventions

Under the Common Agenda initiative, *Japan* recently provided $250,000 to a Panamanian NGO to establish a training center in the PCW to provide environmental education and awareness as well as training in forestry and agro-forestry techniques USAID/Panama has also discussed the possibility of collaboration within the PCW with the Japan International Cooperation Agency (JICA) in the areas of reforestation, agro-forestry and NGO strengthening JICA has completed a comprehensive study on the PCW and is considering options for large-scale reforestation activities in the PCW

Letters of support and frequent discussions between USAID/Panama and the Board of Directors of the PCA, the Director of ANAM, high-level officials at ARI and the PCC/PCA Administrator indicate high-level *commitment of the GOP* in addressing PCW management issues Specific GOP actions that reflect this commitment include

1) The recent passage of the Environmental Law which elevated environmental protection activities and provided a strong framework for public involvement and enforcement of environmental standards (Law 41)

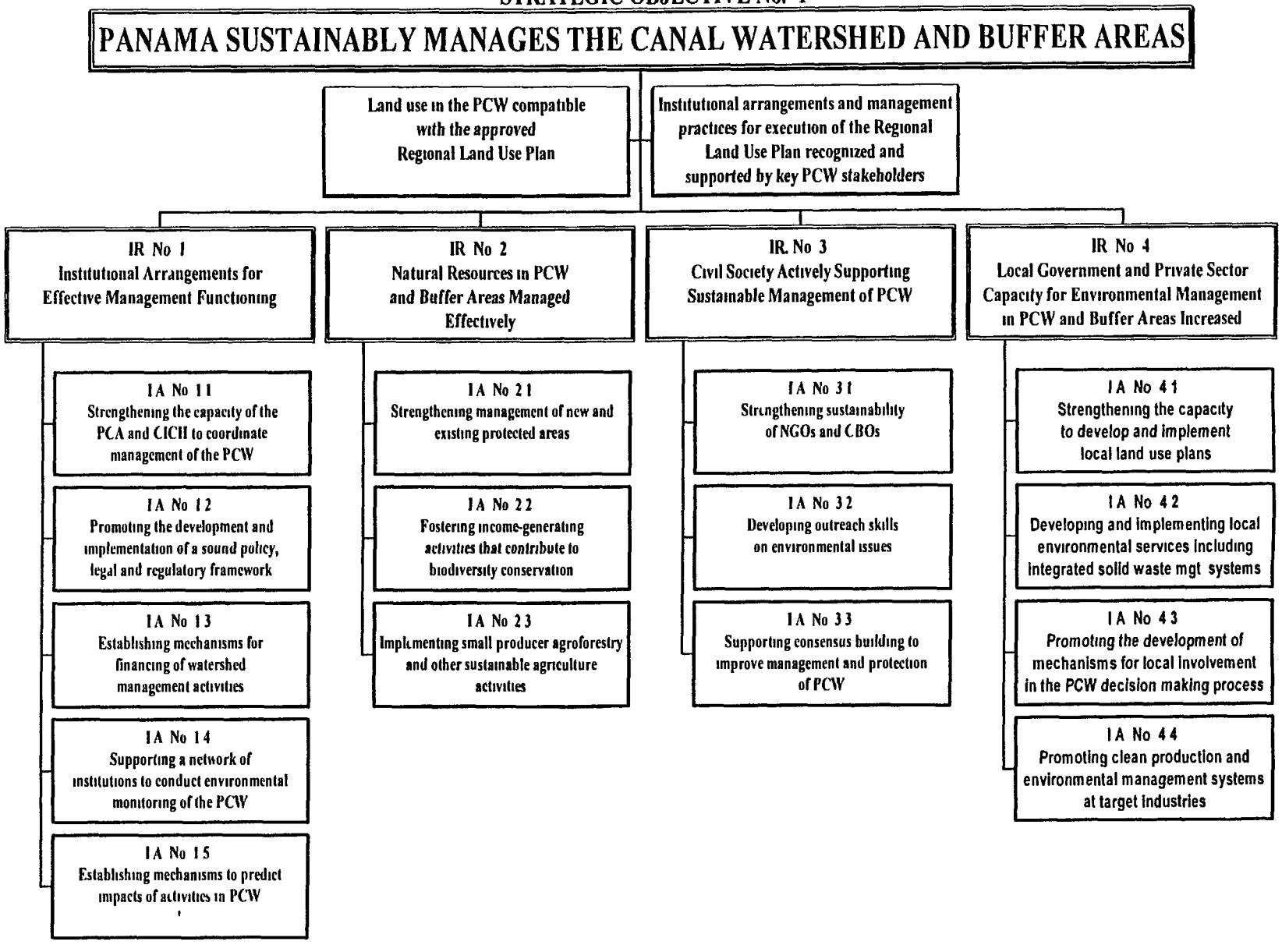
2) Creation of the PCA, its associated CICH and its legal mandates for watershed management and coordination (Law 19)

3) Promulgation of the Regional Plan for the PCW (Law 21)

4) Funding of the FIDECO trust fund for environmental programs The GOP contributed $15 0 million to establishing this Fund

Regardless of this high-level commitment and good will for sustainable watershed management, challenges for USAID and its GOP partners exist The absorptive capacity of high-level GOP officials is being overwhelmed by the immediate demands of the Canal transfer so that only limited attention can be paid to long-term issues of sustainable watershed management Furthermore, the May 1999 elections and resultant change in government may delay decisions as new officials will need to analyze their options and responsibilities Notwithstanding, the change in government may also provide an opportunity to put integrated watershed management on the agenda for many of these new officials Finally, Law 19 does not provide funds for the watershed management activities that it mandates Hence USAID/Panama plans to continue to work with its Panamanian partners to identify sustainable funding mechanisms for watershed management activities

USAID/PANAMA
STRATEGIC OBJECTIVE No. 1



b Results Framework

Strategic Objective 1 Panama Sustainably Manages the Canal Watershed and Buffer Areas

Description

This proposed Strategic Objective for FY 2000 through FY 2006 builds upon USAID/Panama's current Strategic Objective, "Improvement in the Institutional Capacity to Manage and Protect the Panama Canal Watershed" (approved in March 1998) by deepening and expanding its involvement with stakeholder groups to assist Panama in sustainably managing the Canal watershed and buffer areas This proposed Strategic Objective takes the view that an integrated approach, involving GOP institutions, local governments, NGOs and community groups, and the private sector will be required to ensure sustainability of the Panama Canal Watershed In this Strategic Plan, USAID/Panama proposes four Intermediate Results that together form such an integrated approach 1) Institutional arrangements for effective management functioning, 2) Natural resources in PCW and Buffer Areas managed effectively, 3) Civil Society Actively Supporting Sustainable Management of the PCW and, 4) Local government and private sector capacity for environmental management in the PCW and Buffer Areas increased (See framework table)

Each of these four results is vitally important, and they are mutually self-supporting Appropriate national-level institutional and regulatory frameworks are essential for effective management of the natural resource base, for the involvement of civil society, and to empower local governments and the private sector to solve local environmental problems Likewise, effective natural resources management will bolster national and local policy decisions, and will provide opportunities for communities to become involved in resource management A functioning civil society is vital to empowering communities and local governments, helping craft government policies and programs that serve the will of the people, and supplying the support for sustainable natural resources management Hand-in-hand with this concept goes the need to stimulate positive and supportive private sector involvement in protecting and managing the PCW With this in mind, USAID/Panama will encourage the development of environmentally friendly, low impact micro-enterprises in the PCW Finally, it is at the local level that people will have an impact on the watershed An increased local government and private sector capacity to sustainably manage environmental problems will answer the concerns of civil society, complement other natural resource management activities, and provide grass-roots feedback to higher-level policy makers All four results are necessary to safeguard against degradation of the watershed that could accompany rapid in-migration

Conceptual Linkages

USAID/Panama's proposed strategy to assist Panama to develop the capacity (skills and tools) to sustainably manage and protect the Panama Canal Watershed is, in effect, a program in *integrated water resources management* (IWRM) IWRM is based on the premise that water is

an economic and social good that has multiple, diverse, and often competing uses, and that sound management of this resource requires a broad-based, interdisciplinary approach Potentially competing uses of PCW water include moving ships from one ocean to another, generating hydropower, supplying water for approximately 1 4 million people, supporting the flora and fauna, and maintaining lake levels for boaters and fishermen Sustainable management of the PCW requires inter-sectoral coordination to integrate the contributions of stakeholders at all levels of society from individual users to national government institutions and international organizations Attainment of the four intermediate results, and the consequent achievement of the overall Strategic Objective, will require expertise from numerous disciplines, including political science, biology, engineering, economics and other social sciences Interventions will be guided by multiple tiers of decision-making with choices made among different interest groups and value systems about how to use the water and other natural resources in the PCW

Lack of public awareness of the importance of the PCW has limited the effectiveness of management and conservation programs Therefore, broadening *public awareness* and participation is critical to meeting the Mission objective of sustainable watershed management Building popular support for PCW management institutions and policies, generating advocacy for improved environmental management and policy implementation, and increasing individual and community participation will ultimately lead to the adoption of behaviors and practices that protect the watershed During the seven-year strategy period, the Mission will ensure cross-cutting and synergistic communication and education support for each intermediate result, including the use of mass media, community mobilization and policy dialogue tools Linkages to the NGO sector and formal education may be used to reinforce the messages of sustainable PCW management and the responsibilities of environmental stewardship The Mission will work with counterpart institutions and partners to develop communication programs that target specific stakeholder groups to promote the adoption of environment-friendly behaviors Mobilization programs will be initiated to foster a bottom-up policy dialogue about what works and doesn't work at the local level

The integrated nature of the proposed program and the linkages among the Intermediate Results imply that there are many ways to group the activities that we present below (by stakeholder group, geographic area, etc) Achievement of each of these Intermediate Results is a *necessary and sufficient* condition for achievement of the overall Strategic Objective Below we describe the intermediate results in more detail, review some of USAID/Panama's interventions and successes in these areas, and outline some illustrative approaches for how we (USAID/Panama and our development partners) propose to achieve each of the intermediate results

Intermediate Result 1 Institutional Arrangements for Effective PCW Management Functioning

Description

Making good watershed management decisions requires adequate policies and regulations, reliable funding, accurate data on the condition of the watershed, and capability to predict future

conditions Additionally, the institutional structures for watershed management must allow effective coordination and consensus building Faced with the transfer of the Canal, the GOP has passed new laws (Laws 19, 21 and 41) and has created new entities (ARI, PCA and ANAM) which have major responsibilities in the Panama Canal watershed Over the next seven years, regulations, policies and procedures must be developed and strengthened to implement the institutional mandates and coordinate activities in the watershed Concomitantly, arrangements for adequate and timely flow of funds and information for watershed management must be developed

Accomplishments to date

Law 19 mandates that the PCA "shall approve the strategies, policies, programs and projects, both public and private, that may affect the watershed" and calls for "an Inter-Institutional Commission on the Canal Watershed [CICH] to coordinate the activities of the government and non-governmental organizations" At the request of the PCA, USAID/Panama has provided technical assistance to support the creation of the CICH Specifically, it has developed organizational scenarios for structuring the CICH, and it has developed scenarios laying out the work each proposed structure might manage In addition, USAID has funded a review of the pertinent laws to identify overlaps in legal responsibilities and thereby assist the GOP institutions to draft appropriate rules and regulations During the past few years, USAID's programs have worked to create sustainable funding for watershed management with a major success being the establishment of the Ecological Trust Fund (FIDECO) that generates funding for ANAM and for NGO programs within and outside of the PCW

An essential part of any watershed management program is the monitoring of the condition of the watershed over time Information about water flows, sediment loads, wildlife densities, forest cover, human impacts and other parameters allows resource managers to make better management decisions Likewise decision-makers and land managers must have the capacity to predict the impacts of development actions or other perturbations on the natural system A system of models and rules using data generated from a monitoring effort could guide policy decisions and resource management strategies USAID has supported the establishment of the Panama Canal Watershed Monitoring Program to begin to provide natural resource managers with this information

Illustrative Approaches

In *supporting watershed management by the CICH*, USAID's work with its GOP counterparts will focus on fostering a role for civil society, local government and the business sector in watershed management, helping define the scope of the CICH s mandate, clarifying the relative roles and responsibilities of government organizations in the PCW, and defining the structure and functions of a subordinate administrative entity To determine civil society's role in the protection of the PCW, USAID/Panama's New Partnership Initiative will be sponsoring seminars under IR 3 to discuss how civil society can participate in the management of the Panama Canal Watershed Illustrative approaches of assistance to the CICH include provision of technical

expertise on the start-up of the CICH, technical assistance for the development of a business plan, and training in team building and conflict resolution

Various essential components of a *sound policy legal and regulatory framework for watershed management* will be developed and strengthened through support to the GOP For example, support may be given to ANAM for improving the policy and regulatory framework for environmental impact assessment, monitoring and enforcement Such a framework is essential for early detection of impacts and mitigation of environmental problems that arise as a result of development within the PCW Policies and regulations that encourage restoration of the natural watershed, such as incentives for reforestation or clean up of polluted areas, will also be supported Technical assistance will support environmental activities within the framework of the Regional Land Use Plan, which is that part of Law 21 that allocates PCW and reverted properties land for uses such as protected areas, commercial uses, and so on Assistance to the Controller General's Office will assure completion and consolidation of the integrated financial system as well as a new role for that office in the initiatives in environmental accounting USAID will also strengthen watershed management through the provision of specialized technical assistance to the PCA and its CICH, such as organizational development, laws and finance Through Fundacion ANDE, USAID will support private sector participation in the policy dialogue aimed at enhancing environmentally sound investments in the PCW

To ensure sustainable management of the PCW and buffer areas, USAID/Panama will work over the seven-year time horizon to *secure financing sources for PCW management activities* Various potential sources of financing exist 1) FIDECO will continue to provide funds to ANAM and NGOs for watershed protection activities, 2) the Tropical Forest Conservation Act of 1998 (USG) may provide the opportunity to establish an additional trust fund, 3) recreational use fees (*e g* fishing and camping licenses, and recreational water use fees) could be established, 4) Article 75 of Law 19 provides that tolls will be set to cover the costs of operating the Canal, including " support for water resources protection ", and 5) public-private partnerships for watershed management activities may be catalyzed through the USAID's Development Credit Authority USAID will provide technical assistance, advice and information to the CICH towards linking sources of funding with the multiple watershed management needs USAID will help guide negotiations of Panamanian counterparts and the international community to craft the agreements and institutions necessary for adequate, sustainable financing Finally, USAID will examine the possibility of using the Tropical Forest Act (TFA) as a possible funding source for PCW management and protection work The TFA follows and expands on the 1991 Enterprise of the Americas Initiative which allows for use of USAID and PL-480 debt payments to finance environmental work in the debtor country

To ensure that *decision-makers have access to PCW information*, we will continue to support an inter-institutional monitoring program from which data is disseminated through both technical channels and a broad-based public education campaign Decision-makers will make use of the results of a recently completed survey on public knowledge of watershed issues Coordinated watershed monitoring will be achieved through the establishment of a data center that manages and distributes monitoring data The Geographic Information Systems (GIS) databases of various

GOP institutions engaged in management of the PCW will be integrated to facilitate the ongoing identification and interchange of data A system for responding efficiently to data requests will be created, and generalized information will be used as a foundation for the public education campaign Inter-institutional oversight of the effort will be maintained to provide continual guidance about data needs for management and education

Drawing from the decision-making structure in place for management of the PCW, *predictive modeling capabilities* will be established Several inter-linked models might be developed to respond to the needs of natural resources managers and policy makers at the PCA, ANAM and elsewhere To be determined by customers, these may include an economic model, a water resources model, a biodiversity/landscape ecology model and a demographic model We will work to integrate current modeling efforts (e g , river forecasting and reservoir operations modeling within the PCC) where appropriate and provide training to facilitate the effective use of these predictive models Natural resource managers will be trained to apply modeling outputs towards visualization of the impacts of specific management actions on the PCW Decision-makers will be able to view likely future conditions of the PCW based on sets of alternative decisions

A combination of a strong but flexible inter-institutional structure, solid and enforced environmental policies, legal and regulatory frameworks, reliable financing mechanisms and high-quality information upon which to base management decisions will go a long way to ensuring sustainability of the institutional structures The goal is to have a permanent system with a well-informed staff that is working effectively to manage the PCW Sustainability will require that both policy-makers and the public-at-large are aware and supportive of the goal of sound watershed management and the structures established to achieve it Competent management decisions will breed political support, while our environmental education and communication program will broaden overall understanding and support

Intermediate Result 2 Natural Resources in PCW and Buffer Areas Managed Effectively

Description

Successful management of the natural resources of the PCW and buffer areas requires that an effective system of protected areas function and that the population living within and around the PCW engages in ecologically sound and economically viable activities Deforestation of tropical forests urbanization and ecologically damaging income-generating practices threaten the long-term natural functioning of the PCW and the Canal's water supply These unsustainable practices often go unchecked because of the lack of sound public policies, weak enforcement of existing policies, poor managerial capabilities in the public sector, the lack of environmentally-sound alternatives for land-use, and poor participation of civil society in conservation programs that benefit both local and national interests

This intermediate result will direct resources towards protected area management and environmentally sound income generating activities for small producers By 2006 we envision the National Environment Authority (ANAM) forming alliances with communities and the private sector to sustainably manage the protected areas and other natural resources in the PCW In addition we envision environmentally compatible eco-tourism and other small businesses providing income for PCW residents that complements the proceeds from sustainable agriculture activities Sustainable management of substantial tracts of intact, carbon-storing forests in the PCW will also be contributing to global efforts to mitigate climate change and variability We also see private/public management activities in the PCW contributing to Panama's participation in the Framework Convention for Climate Change's Clean Development Mechanism

Accomplishments to date

Through its MARENA project, USAID/Panama has been assisting ANAM and its predecessor agency (INRENARE) with multiple activities to strengthen the management of the protected areas in the PCW These activities include the development of park use plans, infrastructure construction, delineation of park boundaries and training of park guards Additionally, over the past few years USAID/Panama has been working with its development partners on a pilot basis to provide ecologically sound employment opportunities through agro-forestry training activities, as well as support through ANAM and local NGOs for agro-forestry projects

Illustrative Approaches

Over the next seven years, USAID/Panama will work with ANAM and local community-based and other non-governmental organizations to *strengthen the management of existing as well as future protected areas* Illustrative approaches include increasing ANAM's administrative and management skills through technical assistance to 1) strengthen technical and administrative capacity for sound protected area planning and management, 2) develop more appropriate public policy pertaining to protected areas, 3) clarify roles and responsibilities between public agencies and the private sector, 4) establish new protected areas, 5) support infrastructure needs in protected areas, 6) train staff, 7) generate alternative methods of financing, and 8) increase public and political support for environmentally sound management and conservation of biodiversity NGOs will be developed and supported to assist in the management of public lands through well-defined co-management arrangements with national and/or local governments These NGOs may assist with management of visitor services, recreational areas, environmental education, eco-tourism and community-based forestry such as agro-forestry and sustainable agriculture USAID/Panama assistance will include training to better equip these organizations with the skills needed for effective co-management Training will take into account gender and ethnic issues in resource management and use Inclusion of community NGOs in the management of protected areas will create strong local support for the work of national institutions

To date, relatively little has been done to help the residents of the PCW make the shift from inappropriate land-uses to sustainable, ecologically friendly income-generation practices Over the next seven years, USAID/Panama will *foster income-generating activities that contribute to*

biodiversity conservation These programs will include the development, demonstration, testing, and dissemination of best business and land management practices for community-based eco-tourism Community-based eco-tourism may include activities such as providing guide services, hospitality and cultural experiences to tourists, as well as community co-management of recreation sites within protected areas In addition and complementary to the focus on eco-tourism, the Mission will promote the development of ecologically-friendly cottage industries such as tropical butterfly or iguana farms, crafts from tagua nuts or other non-timber forest products, flowers and small-scale wood products (such as poles posts, furniture and value-added products)

The Mission will also invest in the *implementation of small-producer and other sustainable agriculture activities* USAID efforts to support small-producer sustainable agriculture will consist of assisting individual or community-organized farmers to practice ecologically sound agriculture using improved conservation-oriented land management techniques for production of annual crops needed for home consumption and to increase small-farmer incomes Activities will include production of non-traditional crops which have a high market value, organic production and other similar innovative methodologies The portfolio will also include individual and community agro-forestry activities which entail the planting of fruit and timber tree species in conjunction with annual crops In some cases these agro-forestry plots will be managed for long-term production of annual crops and in other cases for conversion of secondary forest, pasture or "paja blanca" grass into permanent forest cover In general, improved practices will be promoted through technical assistance and on-site demonstrations USAID assistance will focus on identifying and expanding access to markets through education, formation of producer groups and promotion of producer-buyer agreements

Sustainability of these natural resource management actives will be ensured through both traditional technical training and broad-based environmental education activities directed across all stakeholder groups in the PCW (NGOs/CBOs, private sector, public sector and local residents) Awareness and support for management actions related to conservation of biodiversity will be increased Visitor and interpretative center development, as well as management environmental education programs and other means of informing the public about biodiversity conservation will be supported USAID/Panama may use the Development Credit Authority (DCA) mechanism to increase the credit available to farmers and other small entrepreneur to implement these programs

Intermediate Result 3 **Civil Society Actively Supporting Sustainable Management of PCW**

Description

The vision for a vibrant environmental NGO community in Panama is based on the premise that the country's environmental problems are of such great magnitude that they will require a concerted effort by a network of NGOs supported by appropriate investments by the donor community, the GOP and Panama's private sector While a growing number of environmental NGOs in Panama now compete for operational and program funding, none are near achieving sustainability Additionally, civil society overall is weak in speaking out against environmental degradation and serving as a voice demanding environmental protection Over the next seven years, successful management of the PCW will require a strong voice from civil society to express popular concern about activities in the PCW Progress towards a vital civil society will depend on the ability of donors, the GOP and NGOs themselves to realize a basic paradigm shift toward a vision in which NGOs are seen as market-oriented, "not-for profit" businesses engaged in securing the long-term sustainability of the country's natural resources base To this end, USAID/Panama proposes an intermediate result to strengthen the capacity of civil society (NGOs and CBOs) to participate in management of the PCW

Accomplishments to date

In 1998, a series of meetings resulted in the establishment of the "Asamblea de la Sociedad Civil" (Civil Society Assembly) This effort was partially funded by USAID under the New Partnership Initiative (NPI) and was led by Fundacion para la Libertad Ciudadana, the local chapter of Transparency International With USAID support, Fundacion NATURA and Fundacion ANDE were created, as was the Asociacion de Municipios de Panama (AMUPA) Fundacion NATURA now administers the FIDECO trust fund that finances NGO watershed management activities Fundacion ANDE was originally created to improve Panama's business climate and now directs some of its activities toward the environmental sector, and AMUPA provides an unified voice speaking for municipalities at national fora Fundacion NATURA has launched a pilot program of NGO strengthening that will establish the foundation for such efforts in the future In addition, USAID/Panama has worked with ANCON, one of Panama's best-known environmental NGO's, Technoserve and APROSAC on their programs to improve environmental management in the PCW

Illustrative Approaches

A focus of USAID/Panama activities will be to *strengthen sustainability of NGOs and CBOs* A recent review of local NGOs reveals that assistance is needed to address basic sustainability concepts such as 1) formation of the boards of directors (including delineating the role of the board), 2) financial management (determining and controlling basic operation costs), 3) staffing (assembling the technical staff needed to successfully manage a portfolio of activity), and 4) fund-raising (defining needs, identifying potential donors and attracting funds) Core training

activities will address these as well as other organizational strengthening needs that surface such as strategic planning, tracking results and attracting membership The Mission will also promote formalization, certification and registration of NGOs and CBOs to better position them to represent themselves as professionals in the development arena

Another key activity will be to help NGOs *to develop outreach skills on environmental issues* Through specialized advanced training, NGOs will learn to develop environmental messages, package information in an effective form and deliver it to various audiences The Mission's GreenCom program will facilitate linkage of NGOs to the Panamanian media and other potential broadcast mechanisms for environmental information Media counterparts will be encouraged to stimulate NGO activities by developing contests for best performance or most innovative watershed protection project The Mission may finance the development of a system of quality service certification that would enhance public credibility of NGOs and allow donors to make more informed choices about NGO partners

A final thrust of our civil society intermediate result is to *support consensus building for PCW management and protection* By forming larger networks and linking them more effectively to the private sector and GOP, NGOs can combine complementary skills, co-ordinate their representation and magnify their potential to accomplish goals The Mission will help build broader support for these NGO consortia through awareness raising among Panamanian institutions, international donors, corporations and/or philanthropic individuals with potential to invest in conservation of Panama's natural resource base Potential approaches include 1) sponsoring a series of fora to provide space for civic participation of NGOs, 2) supporting the Civil Society Assembly to give continuity to their work on developing national consensus between the different actors in civil society and public figures, 3) stimulating private-sector sponsorship of NGO activities such as through an adopt-an-NGO program, and 4) encouraging NGO roles in decision-making settings such as the Inter-Institutional Commission for the Canal Watershed (CICH)

Intermediate Result 4 Local Government and Private Sector Capacity for Environmental Management in PCW and Buffer Areas Increased

Description

Successful long-term protection of the PCW will require the active involvement of local authorities and private enterprises Although we expect that local government will be involved in the overall planning and conceptual issues at the PCA/CICH management level (see Intermediate Result 1), the urgent needs for local land-use planning, integrated solid waste management and other environmental activities warrant concerted attention at the level of local governments Likewise, the local environmental and economic effects of private sector activities call for private sector involvement in solving environmental problems in the PCW In general, transferring responsibility to the lowest appropriate level will make the protection of the PCW a local matter and will enhance the degree to which more informed decisions are made on environmental problems Under this intermediate result we propose activities to strengthen the

ability of local governments and the private sector to solve environmental problems Implementation activities will seek partnerships among these groups and with NGOs (whose capacities are being strengthened under Intermediate Result 3) By the year 2006, we envision local governments, community groups, NGOs and the business sector collaborating to responsibly manage the environment in accordance with the goals of the Regional Plan It is only through such local partnerships that the welfare of the watershed and its residents can be increased in the face of anticipated population migrations into the PCW

Accomplishments to date

Through the Municipal Development Project USAID/Panama has been working closely with four of the six districts that are in the PCW (Arraijan, Chorrera, Capira, and Portobelo) by helping them identify their major environmental concerns through comprehensive assessments and recently completed workshops These assessments will serve as the basis for strengthening their capacity to provide environmental services In addition, we are working with an NGO and the local governments to support and promote integrated solid waste management in these municipalities In the PCW community of Chilibre, USAID/CAP Local Environmental Policy and Programs Initiative (LEPPI) has coordinated with USAID/Panama to sponsor workshops with community leaders that identified solid waste management as the highest environmental priority Follow-on technical assistance in support of a pilot activity to implement an Integrated System for Waste Management (ISWM) in the Chilibre area is underway Moreover, USAID/Panama is supporting activities to increase awareness among local entities of the requirements of the Regional Plan

To promote the local solution of local problems, USAID/Panama supported the creation of the Association of Panamanian Municipalities (AMUPA) and the drafting of legislation that transfers power and resources to the municipal levels

Illustrative Approaches

Of the estimated 143,500 people in the watershed, 62% of them live in "corregimientos" along the Transisthmian Corridor, corresponding to the "distritos" of Panama and Colon This region also is a key industrial corridor and is home to numerous extractive industries Moreover, it is anticipated that this corridor will be among the prime areas subjected to increase population pressures following full reversion of the Canal properties and the completion of the new Transisthmian Highway These communities will need support in environmental management to mitigate the adverse impacts from the anticipated population and industrial growth and to comply with the Regional Plan Therefore, with successful completion of the current municipal strengthening activities in Arraijan, Chorrera, Capira and Portobelo over the next two years, USAID/Panama will shift the focus of its efforts to strengthen local capacity in areas experiencing rapid urban growth such as the Transisthmian Corridor New activities under this Intermediate Result will build on the experience of the existing Municipal Development Program to work across the PCW with an emphasis on local governments (at the distrito and corregimiento level) and private industries

Through workshops and awareness campaigns, USAID/Panama will continue to coordinate with GOP authorities and other partners to support local implementation of the Regional Plan After an initial phase of awareness raising and education, technical assistance will be provided to local governments to *strengthen the capacity to develop and implement local land-use plans* in compliance with the Regional Plan Activities will concentrate at the level of the "Junta Comunal" (composed of elected and appointed community representatives) to support the discussion and approval of these local land use plans in "cabildos abiertos" (town meetings) These discussions will allow the Panama Canal Authority and the CICH to validate and refine their technical decisions as reflected in the Regional Plan and future management actions

Through participatory processes, the Mission will identify priority environmental problems and support local governments, NGOs and the private sector in the *development and implementation of local environmental services including integrated solid waste management systems* Local environmental services may include the provision of potable water, the treatment of wastewater and the remediation of environmental contamination Illustrative approaches for integrated solid waste management include 1) support for the environmental planning process, 2) development of solid waste collection and disposal programs that engage NGOs and the private sector (e g , micro-enterprises), 3) promotion of recycling, reuse and composting programs, 4) establishment of fee collection systems, and 5) implementation of awareness campaigns to educate community members about environmentally-friendly solid waste disposal techniques The Mission will also support the establishment of environmental offices within the local governments and provide training in environmental service delivery The participative approach to solving environmental problems through building public-private-NGO sector partnerships will foster broad support of environmental programs and be an essential first step to sustainability Likewise, the successes of the interventions will help create political will for these programs and bolster sustainability

Because of the growing problem of industrial pollution within the PCW, the Mission will *promote clean production and environmental management systems* at targeted locations (*e g* along the Transisthmian Corridor) For example, work with specific industrial facilities to reduce the adverse environmental impacts on the watershed will include pollution prevention activities, awareness raising programs, audits, environmental remediation activities, training and industry-specific seminars These approaches seek to use market incentives to encourage industries to improve the efficiency of their operation and, in the process, reduce industrial pollution In general, the Mission will promote incentive as opposed to enforcement approaches for better industrial practices

To assure success of on-the-ground interventions, USAID will *promote the development of mechanisms for local involvement in the decision-making process* for management of the PCW This involves continuing to work at the national policy level to ensure that local concerns are reflected and that local governments are vested with appropriate authority and resources to resolve local environmental problems USAID will also be active at the policy level to support the formation of local alliances (between government, business and communities) to promote economic policies and incentives to encourage development in the watershed in accordance with

the Regional Plan In addressing local environmental problems, USAID may use the Development Credit Authority (DCA) mechanism to increase credit availability through the banking system for municipalities and private enterprises in the PCW

c Sustainability of Results

Sustainability is a key goal of the Mission's work in the PCW under SO #1 This is evidenced by the wording for the SO, i e , "Panama Sustainably Manages the Canal Watershed and Buffer Areas

Institution-building is a pre-requisite for providing for sustainability, and the Mission's SO program will be doing much in the way of institution-building The program will 1) strengthen the Inter-Institutional Commission on the Canal Watershed (CICH) that is charged with the coordination of activities of the GOP and NGOs in the PCW, 2) work to improve the administrative and technical skills of ANAM – the country's environmental authority, 3) enhance the capacity of local authorities (both at the district and corregimiento levels) within the PCW to implement the General Land Use Plan and to provide for integrated solid waste management activities so critical to preservation of the watershed, and 4) endeavor to develop sustainable NGOs/CBOs that have the necessary outreach skills on environmental issues to support consensus-building for PCW management and preservation The strengthening of NGOs is especially important in the sustainable management of protected areas The GOP cannot manage such areas on its own, and already ANAM has forged a partnership with an NGO to manage one of the country's parks

Developing self-sustaining financing mechanism for management of the PCW is critical One such mechanism already is in place – FIDECO (Ecological Trust Fund), and others will be encouraged FIDECO is providing on a self-sustaining basis moneys that can be utilized by ANAM and NGOs for programs within and outside of the PCW

Finally, ultimately the best way to provide for sustainable management of the PCW is to work directly with the country's private sector which in the past has been responsible for much of the degradation in the PCW If the private sector can be shown that it is in its financial interest to preserve the watershed, it will do so In the strategy period, the Mission will continue to undertake demonstration activities that show that profits can be made through the implementation of environmentally friendly commercial activities which preserve and conserve resources A number of such activities have been demonstrated successfully in the past, e g , tropical butterfly or iguana farms

d Measuring Achievement

USAID/Panama will measure multiple parameters to track progress towards the strategic objective and intermediate results, and we will present selected illustrative indicators to Washington each year However, the entire suite of indicators will be used for internal

monitoring USAID/Panama will assemble data from government sources, contractors, cooperators and other counterparts to measure progress towards the strategic objective

Illustrative Approaches and Targets for SOs and Intermediate Results (IRs)

To measure results achieved towards the Strategic Objective, we propose to continue to use the two indicators approved in March 1998

Land Use in the PCW compatible with the approved Regional Plan, and

Institutional Arrangements and management practices for execution of the Regional Plan recognized and supported by key PCW stakeholders

The rationale is that if all the systems to manage the PCW are functioning effectively, land use that is compatible with the Regional Plan should increase Likewise, support and recognition by the range of stakeholders about the institutional arrangements should reflect progress towards sustainable management of the resource

Intermediate Result 1 Institutional Arrangements for Effective PCW Management Functioning [7]

- Actions taken by the Inter-Institutional Commission for the Canal Watershed (CICH) on strategies, policies, programs and projects that could affect the PCW
- Environmental monitoring of the PCW (a) contributes to management decisions and (b) is sustainably financed

Intermediate Result 2 Natural Resources in the PCW and Buffer Areas Managed Effectively

- Management of new and existing protected areas strengthened
- Sustainable small-producer agro-forestry and agriculture activities implemented

Intermediate Result 3 Civil Society Actively Supporting Sustainable Management of PCW

- Environmental NGOs reach sustainability
- NGOs make an impact on the PCW and Buffer areas

[7] The two indicators under IR 1 that will be reported on represent a composite designed to track the performance of the multiple activities planned and listed in the framework on p 28

Intermediate Result 4 Local Government and Private Sector Capacity for Environmental Management in PCW and Buffer Areas Increased

- Residents in the PCW and buffer areas served according to integrated solid waste management plans
- Local governments have action plans for conformance with the Regional Plan

Performance Data Table

STRATEGIC OBJECTIVE No 1 **PANAMA SUSTAINABLY MANAGES THE CANAL WATERSHED AND BUFFER AREAS**

APPROVED 00/00/00 **COUNTRY/ORGANIZATION** **USAID/PANAMA**

SO No 1 OVERALL INDICATOR **Land use in the PCW compatible with the approved Regional Land Use Plan**

UNIT OF MEASURE

- Percentage of defined watershed land area

SOURCE

ARI
Contractor reports

INDICATOR/DESCRIPTION

Percentage of land use (measured in hectares) which is compatible with the Regional Land Use Plan Compatible refers to land use which meets the technical criteria for inclusion under one of the six land-use categories

COMMENTS

(1) The Regional Land Use Plan for the PCW which covers a total area of 326 000 hectares (including lakes and rivers) establishes six major categories of land use based on technical criteria which sustain water availability for Canal operations
(2) The Regional Land Use Plan approved by Law 21 in 1997 is the framework for land use decision-making in the PCW
(3) Targets for 1999 and beyond will be revised based on ARI s annual plans to be developed with USAID assistance

Note A second SO overall indicator will be developed for submission with the next R4 This indicator will measure key stakeholders awareness of institutional arrangement for the management and protection of the PCW i e relevant laws policies and major postulates of the Regional Land Use Plan It will also track stakeholders involvement in the implementation in best management practices such as agroforestry solid waste management and pollution prevention among others

YEAR	PLANNED	ACTUAL
1997 Baseline		57
1998	59	
1999	61	
2000	63	
2001	65	
2002	67	
2003	69	
2004	71	
2005	73	
2006	75	

Performance Data Table

STRATEGIC OBJECTIVE No 1 **PANAMA SUSTAINABLY MANAGES THE CANAL WATERSHED AND BUFFER AREAS**

APPROVED 00/00/00 **COUNTRY/ORGANIZATION** **USAID/PANAMA**

RESULT NAME (IR-1) **Institutional Arrangements for Effective Management Functioning**

INDICATOR No 1 1 **Actions taken by the Inter-Institutional Commission for the Canal Watershed (CICH) on strategies, policies, programs and projects that could affect the PCW**

UNIT OF MEASURE

- Number of actions taken by the CICH

SOURCE

- CICH and contractor reports

INDICATOR/DESCRIPTION

The indicator is the number of actions taken by the CICH during the calendar year on strategies policies programs and projects that could affect the PCW

COMMENTS

Panama Canal Authority regulations and budget approval provide for the CICH to become operational December 31 1999

The approval of strategies policies programs and projects signals that the CICH is functioning in its oversight role to oversee activities in the PCW and is achieving consensus among stakeholders We assume that the existence of projects for the CICH to review indicates that financing is available for watershed activities

YEAR	PLANNED	ACTUAL
1999 Baseline		0
2000	3	
2001	5	
2002	8	
2003	10	
2004	11	
2005	10	
2006	10	

Performance Data Table

STRATEGIC OBJECTIVE No 1 **PANAMA SUSTAINABLY MANAGES THE CANAL WATERSHED AND BUFFER AREAS**

APPROVED 00/00/00 **COUNTRY/ORGANIZATION** **USAID/PANAMA**

RESULT NAME (IR-1) **Institutional Arrangements for Effective PCW Management Systems Functioning**

INDICATOR No 1 2 **Environmental monitoring of the PCW (a) contributes to management decisions and (b) is sustainably financed**

UNIT OF MEASURE

- Number of criteria met (0-6)
- Yes/No

SOURCE

- CICH
- Contractor reports

INDICATOR/DESCRIPTION

(a) Environmental monitoring will contribute to management decisions if the following six conditions are met

- Data on physical biological and demographic parameters in the PCW are collected
- Content of data collection is responsive to Inter-Institutional Commission for the Canal Watershed (CICH) management needs
- CICH framework for data sharing is implemented
- A quality control system is established for PCW monitoring data,
- Mechanisms for data dissemination to CICH natural resource managers are operational
- CICH resource managers are trained to apply the information to management

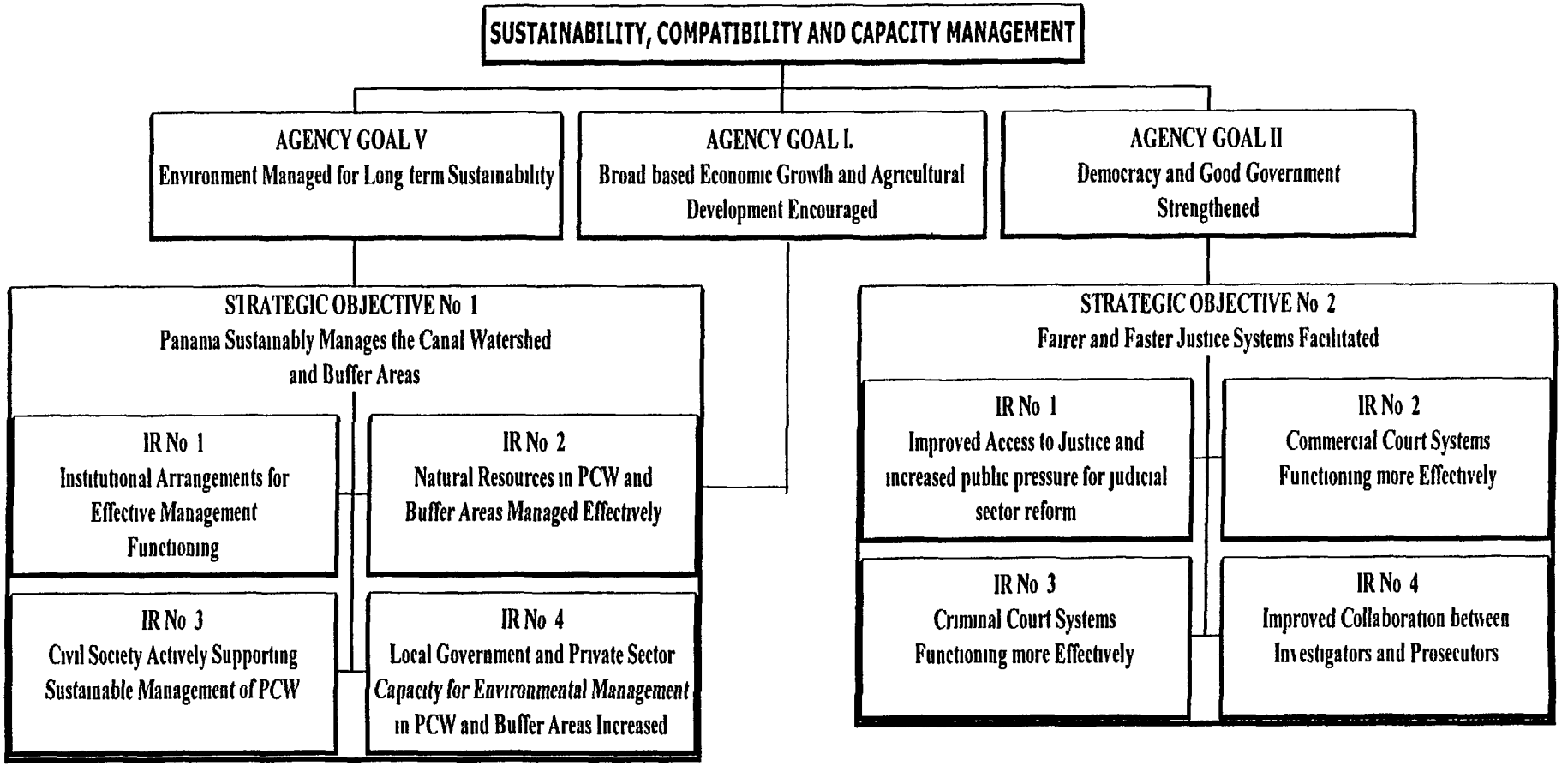
(b) Environmental monitoring of the PCW will be sustainably financed if Panamanian funding and permanent institutional homes for all necessary components of monitoring and prediction system have been secured

COMMENTS

As of 01/01/99 USAID was paying the entire cost of the Panama Canal Watershed Monitoring Program while the Panama Canal Commission (PCC) was monitoring water quantity with its own funds For the year 2000 the Panama Canal Authority (PCA) has budgeted seven positions and $200 000 for an Information Center while the National Environment Authority will be funding biological components of the program During the year 2000 the CICH and its Information Center will oversee a one year USAID funded monitoring program USAID assistance will help the incorporation of monitoring objectives into the CICH help identify sustainable funding opportunities and improve the capacity of the monitoring center

YEAR	PLANNED	ACTUAL
1999 Baseline		(a) 1 (b) No
2000	(a) 3 (b) No	
2001	(a) 6 (b) No	
2002	(a) 6 (b) Yes	
2003	(a) 6 (b) Yes	
2004	(a) 6 (b) Yes	
2005	(a) 6 (b) Yes	
2006	(a) 6 (b) Yes	

B. STRATEGIC OBJECTIVES LINKAGE TO AGENCY GOALS



Performance Data Table

STRATEGIC OBJECTIVE No 1 **PANAMA SUSTAINABLY MANAGES THE CANAL WATERSHED AND BUFFER AREAS**

APPROVED 00/00/00 **COUNTRY/ORGANIZATION** **USAID/PANAMA**

RESULT NAME (IR-2) **Natural Resources in PCW and buffer areas managed effectively**

INDICATOR No 2 2 **Sustainable small-producer agroforestry and agriculture activities implemented**

UNIT OF MEASURE

a) Number of sustainable agroforestry/agriculture activities
b) Percent of participants that are women

SOURCE

- Contractors
- ANAM reports

INDICATOR/DESCRIPTION

- Sustainable Agriculture is the planned practice of cultivating the soil producing crops and raising livestock in a way that maintains productivity over the long-term
- Agroforestry is the planned integration of agriculture and forestry (growing woody perennials)

COMMENTS

Our aim is to ensure that women are continually and actively involved in small producer sustainable agriculture We will strive to increase their level of involvement over the strategy period

YEAR	PLANNED	ACTUAL
1999 Baseline		(a) 4 (b) 10
2000	(a) 5 (b) 15	
2001	(a) 6 (b) 20	
2002	(a) 8 (b) 25	
2003	(a) 10 (b) 30	
2004	(a) 12 (b) 35	
2005	(a) 14 (b) 40	
2006	(a) 15 (b) 45	

Performance Data Table

STRATEGIC OBJECTIVE No 1 **PANAMA SUSTAINABLY MANAGES THE CANAL WATERSHED AND BUFFER AREAS**

APPROVED 00/00/00 **COUNTRY/ORGANIZATION** **USAID/PANAMA**

RESULT NAME (IR-3) **Civil Society Actively Supporting Sustainable Management of PCW**

INDICATOR No 3 1 **Environmental NGOs reach sustainability**

UNIT OF MEASURE

- Average number of sustainability criteria met by 20 NGOs targeted for core training

SOURCE

- Contractor survey

INDICATOR/DESCRIPTION The 10 sustainability criteria are grouped in three (3) categories

I Market Criteria

1 An approved strategic plan with relevance to protection of the PCW
2 At least two (2) grant applications per year submitted for environmental projects or activities in the PCW

II Management Criteria

3 Board of Directors meets at least quarterly and produces minutes
4 Basic institutional policies and procedures approved by the Board of Directors
5 At least two (2) staff members on full-time annual salary
6 Performance monitoring system in place that includes an annual report

III Financial Criteria

7 Financial management system functioning with annual budget approved by the Board
8 Clean audited annual financial statements
9 Working capital for operation is secured for at least four (4) months
10 Funding for at least two (2) ongoing projects secured

COMMENTS No progress is expected before the year 2001 as NGOs will complete the first round of core training by that year

YEAR	PLANNED	ACTUAL
1999 Baseline		2 0
2000	2 0	
2001	2 5	
2002	3 0	
2003	4 0	
2004	5 5	
2005	6 5	
2006	8 0	

Performance Data Table

STRATEGIC OBJECTIVE No 1 **PANAMA SUSTAINABLY MANAGES THE CANAL WATERSHED AND BUFFER AREAS**

APPROVED 00/00/00 **COUNTRY/ORGANIZATION** **USAID/PANAMA**

RESULT NAME (IR-3) **Civil Society Actively Supporting Sustainable Management of PCW**

INDICATOR No 3 2 **NGOs make an impact on the PCW and buffer areas**

UNIT OF MEASURE

- Average number of outreach criteria met by 3-5 NGOs

SOURCE

NGO inventory
- USAID contractors written information
USAID reports

INDICATOR/DESCRIPTION

The twelve advanced outreach criteria are grouped into five (5) categories

Assistance to communities in the PCW

1 Implement at least two (2) community-based projects per year
2 Promote the development of at least two (2) new Community-Base Organizations (CBOs) per year

Engagement of Women

3 At least 15% of Board members are women
4 At least 30% of project participants are women

Public Policy for PCW

5 Provide input to the decisions of the CICH
6 Make three (3) or more outreaches through the media per year
7 Receive two (2) or more contributions from the local private sector per year to address PCW issues
8 Promote town meetings in at least two (2) communities per year for consensus-building with GOP

NGO Networking for PCW Protection

9 Participating in the organization of at least one (1) event per year that involves other NGOs
10 Participate in an NGO network or umbrella organization

International Collaboration for PCW Protection

11 Webpage in place
12 Participate in three (3) or more relevant international events per year

COMMENTS

YEAR	PLANNED	ACTUAL
1999 Baseline		1 5
2000	1 5	
2001	1 5	
2002	2 0	
2003	3 0	
2004	4 5	
2005	6 5	
2006	8 0	

Performance Data Table

STRATEGIC OBJECTIVE No 1 **PANAMA SUSTAINABLY MANAGES THE CANAL WATERSHED AND BUFFER AREAS**

APPROVED 00/00/00 **COUNTRY/ORGANIZATION** **USAID/PANAMA**

RESULT NAME (IR-4) **Local Government and Private Sector Capacity for Environmental Management in PCW and Buffer Areas Increased**

INDICATOR No 4 1 **Residents in the PCW and buffer areas served according to integrated solid waste management plans**

UNIT OF MEASURE

a) Number of people (cumulative)
b) Number of plans (cumulative)

SOURCE

- USAID implementers (contractors U S PVOs third country and local NGOs)

INDICATOR/DESCRIPTION

- Integrated solid waste management plans will be developed by local governments with support from USAID An integrated solid waste management plan implies a comprehensive plan for collection reuse (including recycling and composting) and sanitary disposal of solid waste

COMMENTS

USAID will work with the four (4) target districts and with communities in the transisthmian corridor to develop and implement integrated solid waste management plans to serve the 143 500 residents of the PCW and buffer areas Prior to the 1998-1999 collaborative activity between USAID/G-CAP and USAID/ Panama on community-based integrated solid waste management services in the PCW community of Chilibre integrated solid waste management plans and activities were virtually non existence in the PCW

Because the number of plans and residents each plan will serve are difficult to predict, and because privatization of waste management is in its early stages the estimated targets may be periodically revisited

YEAR	PLANNED	ACTUAL
1999 Baseline		(a) 15 000 (b) 1
2000	(a) 30 000 (b) 4	
2001	(a) 50 000 (b) 6	
2002	(a) 70 000 (b) 8	
2003	(a) 95 000 (b) 10	
2004	(a) 110 000 (b) 12	
2005	(a) 125 000 (b) 14	
2006	(a) 140 000 (b) 16	

Performance Data Table

STRATEGIC OBJECTIVE No 1 PANAMA SUSTAINABLY MANAGES THE CANAL WATERSHED AND BUFFER AREAS

APPROVED 00/00/00 **COUNTRY/ORGANIZATION** **USAID/PANAMA**

RESULT NAME (IR-4) Local Government and Private Sector Capacity for Environmental Management in PCW and Buffer Areas Increased

INDICATOR No 4 2 Local governments have action plans for conformance with the Regional Plan

UNIT OF MEASURE

a) Number of PCW corregimientos that have developed action plans for conformance with the Regional Plan
b) Number of local governments in the PCW with organizations units or offices devoted to environmental issues

SOURCE

- USAID contractor reports

INDICATOR/DESCRIPTION

- These action plans will prescribe local land uses that are in conformance with the Regional Plan policies to change land uses and demonstration projects that will result in the desired land-use changes

COMMENTS

USAID will provide support to ARI and local governments to collaboratively develop action plans to ensure phased implementation of the Regional Plan These model action plans will be implemented from 2001 through 2006 Support will be provided to develop environmental units or offices in selected districts to implement the action plans As the action plans are developed and approved additional new performance measures will be defined to track their implementation Grassroots assistance to develop action plans will be targeted at the lowest level of government, the corregimiento assistance to develop environmental units will be targeted at the higher level of the district, where more funds capacity and authority are available Thirty-three corregimientos in six (6) districts are completely or partially in the PCW

YEAR	PLANNED	ACTUAL
1999 Baseline		(a) 0 (b) 0
2000	(a) 4 (b) 0	
2001	(a) 8 (b) 2	
2002	(a) 12 (b) 3	
2003	(a) 14 (b) 4	
2004	(a) 16 (b) 4	
2005	(a) 20 (b) 4	
2006	(a) 25 (b) 4	

Strategic Objective 2 Fairer and Faster Justice Systems Facilitated

a Introduction

Statement of Strategic Objective

Reform of the justice system is an indispensable element in the process of democratization and economic growth within Panama USAID work in the criminal justice system over the period 1991-1997 supported the new Panamanian democracy in its initial steps towards reform This period saw the restoration of the rule of law in Panama, with the GOP, USAID and the U S Department of Justice s International Criminal Investigative Training Assistance Program (ICITAP) fostering significant improvements in judicial, prosecutional and investigative systems In 1997, because of funding limitations and the expectation that the IDB would inaugurate a large, comprehensive AOJ program of its own, USAID decided to terminate its AOJ program ahead of schedule and without fully funding it After extended dialogue between the USG Country Team in Panama, the Department of State and USAID/W, USAID/Panama was directed to develop a strategy for its reinvolvement within the AOJ sector

After more than a year's hiatus from the justice sector, the Mission has confirmed, based on a comprehensive assessment undertaken last autumn, the critical importance of our re-engagement in the justice sector despite not inconsequential investments by other donors As an outgrowth of the above mentioned assessment and our own continued observations, we have concluded that promoting public confidence in judicial systems and engaging the public in successful reform of both the criminal and the commercial justice systems is in the foreign policy interests of the USG and ultimately is key to Panama's future development

USAID has a unique opportunity in the coming years to assist in promoting transparency and effective governance in a country that is still a young democracy in the process of consolidating its democratic systems There is a commitment to reform at the top levels of the incoming administration's executive branch Moreover, given its predecessor program, USAID has proven expertise in supporting innovative reforms that will have significant positive impact within the country Such programs have focused on the elevation of the role of civil society, police training, promotion of the use of alternative dispute settlement mechanisms and enhancement of the professionalism of the judiciary Further, given the political sensitivities in dealing with reform, some donors are limited when addressing ethics or the more politically delicate issues that must be taken on to promote better governance within the justice system USAID has the experience, political clout and willingness to broach sensitive issues

Given the complexities of the system in Panama, USAID's past successful involvement with justice reform and the desires of our partners, we have established a new Strategic Objective in the area of the administration of justice that will build on work begun under a predecessor Special Objective (SpO) By filling important problem niches in the sector that are not being

addressed by other donors and by using the powers of political suasion that are not appropriate or available to these other donors given the unique relationship that has traditionally existed between the United States and Panama, we believe that USAID can make a significant difference in overhauling the country's judicial system

The USAID/Panama strategy is a four-tiered approach designed to address problem niches in the justice system that complement a larger effort by the GOP and other donors First and foremost are issues of equal access to justice by all segments of the population, as well as popular advocacy for fairer and faster justice The USAID program will strengthen a critical mass of local NGOs and CBOs as conduits and facilitators for increased access to judicial services for lower income groups The expectation is that these NGOs/CBOs will evolve into strong advocates for continuous improvements in the justice system

Secondly, USAID/Panama's strategy will address the commercial justice system Our assessment of the sector showed that the treatment of commercial disputes generates significantly more complaints and expressions of mistrust in government than do criminal disputes Delays and failures in the commercial justice system clearly have more immediate economic impact than do similar problems in the criminal system and generally have a much broader impact on the populace in that there are clearly many more commercial than criminal disputes Investors will have limited interest in Panama as long as the judicial system appears to be incapable of assurring fair and timely justice

The third element of the strategy will focus on the criminal justice system We remain concerned with the large number of Panamanians in prison, including those in pretrial detention USAID will work to enhance the professionalism of the judiciary to provide for greater access and explore alternative sentencing mechanisms USAID also will emphasize training in ethics and anti-corruption principles in the criminal and commercial courts

Finally, to ensure effective enforcement of the law, efforts will be directed toward increasing the capacity and efficiency of investigators and prosecutors with the aim of improving collaboration between them and with the Panama National Police (PNP) We will work to improve the investigative capacity of both the PNP and the Technical Judicial Police (PTJ), to establish information management systems providing for interconnectivity between the PNP, PTJ and the Public Ministry, and to provide for the long-term sustainability of ACADET (the investigators' school)

With the inauguration of Panama's new president on September 1, 1999, USAID has a near-term opportunity to restore momentum for reform of the criminal justice system and to make a contribution to fairer treatment in the commercial justice system We do recognize that sustainable change is difficult to achieve, notwithstanding the success of the predecessor USAID program International donors have not engaged civil society in dialogue on justice sector reform In view of the foregoing, our strategy outlines significant support for development of the broad and forceful participation of civil society We see this as ultimately the best way to produce change in Panama's justice system

We have elevated this objective from an SpO, as described in the USAID/Panama's May 1998 R4 submission, to a Strategic Objective Notwithstanding the modest USAID resources allocated to complement important commitments of other donors, we believe that it is within our manageable interest to work for more ambitious results than were originally proposed in our SpO

Problem Analysis

The organization of Panama's judicial system is complex and involves numerous players Briefly, it consists of the Judicial Branch, which administers justice through the Supreme Court (SCJ), and the Public Ministry (PM) The SCJ is organized into five courts/chambers, consisting of Civil, Criminal, Administrative, General Business and Constitutional Guarantees The Supreme Court also includes lower courts and tribunals and the Public Defenders' Institute, among others The Public Ministry includes the Attorney General's Office (AGO), the Technical Judicial Police (PTJ) equivalent to the FBI in the United States, the Forensic Medicine Institute (IML) and the Solicitor General Office (SGO) In addition, the justice sector includes 1) the Ministry of Government and Justice that is in charge of the Panamanian National Police (PNP), 2) the penitentiary system, the night courts, and public records, 3) the Ministry of Labor, which is responsible for mediating labor conflicts, and 4) the Office of the Human Rights Advocate (HRA) Law schools and bar associations, the latter being responsible for ethics and discipline in the legal profession, are other important players in the sector

USAID, whose involvement in the Panamanian justice system began following the 1989 invasion, contributed importantly to improvement of the country's judicial system It supported the development of career systems in both the AGO and the courts and the integration of the PTJ into the AGO It introduced improved records, case management and administrative systems, planning units, and innovations like case intake, conciliation and evidence centers within the AGO to eliminate vices and abuses associated with the filing of criminal cases It financed 1) the creation and initial operations of a Judicial School which served professional and administrative personnel for the courts including Public Defenders and the AGO, 2) the establishment of legal libraries in the Supreme Court AGO, Judicial School and the nine regional legal centers, and 3) the provision of 233 small legal reference collections to individual professional staff The USAID intervention also strengthened the Public Defenders' Program by consolidating its existing staff into a single organization, erecting facilities, providing equipment and, over the short-term, paying salaries of seven additional defenders and their staff The GOP eventually assumed responsibilities for all operating expenses and subsequently expanded the staff to 36 defenders and a comparable number of legal assistants, while opening offices in judicial centers outside the capital The U S Department of Justice, through ICITAP, carried out a parallel program aimed at the investigative police and coordinated its work with that of the prosecutors trained by USAID Since 1990, ICITAP has disbursed more than $12 million to build the PTJ as an institution, providing substantial amounts of technical assistance, training and equipment

The GOP also has made improvements in other areas The budget for the judicial sector has increased gradually over the past few years with the 1998 allocation representing 4% of the national budget Specialized courts have been created including Maritime, Commercial, Family, and Minors In addition to increasing the number of judges, this has introduced simplified processes such as more reliance on oral as opposed to written arguments and limitation on the instances for appeals Greater independence has been provided to the judiciary through institutional control over internal appointments, a reduction of legal impediments on leadership's ability to redefine internal organizations and a tendency on the part of the Supreme Court to restrict certain executive and legislative actions via its constitutional interpretations

Despite these advances, problem areas remain The Mission's multi-faceted program will assist in addressing the areas identified below

Perceived Corruption It is commonly believed that the politically and economically powerful enjoy immunity in criminal cases and either avoid civil litigation or prevail in their disputes through a system of influence which may well involve monetary considerations that the ordinary citizen or the foreign community cannot penetrate The more powerful and influential, e g , the one who gets to the judge first with the most money, will prevail According to a recent poll, 52% of respondents claimed that there is no justice in Panama, and the major reason cited for this perception was the inequitable treatment of different classes of citizens This, taken together with salary structures and selection systems within the judiciary that place low priority on competence and merit, creates conditions that could lend to corruption or create the perception of it

Foreign investors also perceive the system as working to the benefit of insiders Foreigners are disadvantaged by the inability to identify good legal counsel, either from the standpoint of those who know their business or those who can work the system to their client's benefit Insiders know how to choose effective counsel, outsiders such as foreigners suffer the "luck of the draw "

While the judiciary itself disavows the presence of corruption, the fact that the perception exists is indicative, at least in part, of a lack of knowledge and understanding of how the courts work This accentuates the negative perception of the function of the judicial system and lends credibility to critics of the system Whatever the reality, it is clear that work needs to be done to improve the system's transparency and public participation

Lack of Access to the Justice System As in many other countries, the poor do not have adequate access to legal services The consequences are that the vast majority of people in prison are indigent, and they are much more apt to stay there The same problem applies in the civil courts where the poor rarely, if ever, win their cases There are only a handful of pro bono service systems for the poor (the Institute for Legal Defense, some National University legal clinics and occasional NGO assistance) Interestingly, there is little reported backlog of civil indigent cases Our assessment suggests that this last point may reflect constraints to access such as cost, delays in final decision and structural biases working against the majority of citizens

The administrative judges, the 587 corregidores who dispense justice at the district level, and eight night judges are the sources of a multitude of abuses that predominantly affect the poorest citizens Charged with the oversight of misdemeanors, they are appointed by and serve at the pleasure of political authorities They are not paid reasonable salaries, and they do not have a professional ethos For instance the corregidores are not required to have legal training or to have met the requirements for becoming members of the Panamanian bar

Slow, Inefficient, Ineffective Justice Criminal and civil/commercial case backlogs are substantial The combined backlog of criminal, civil and other cases was 157,000 in 1995 with 68% of those cases in civil courts and another 15% in criminal courts Labor, municipal and other courts make up the balance of the backlog The USAID assessment indicates that these backlogs do not primarily arise from code or procedural problems While code and procedural issues will merit monitoring to ensure that current reform initiatives continue, the findings of the assessment are that backlogs originate more in the organization and administration of the courts and the prosecutorial system, as well as in the lack of training of professional and administrative staff

As a consequence of the backlog, Panama has on a per capita basis the second largest prison population in Latin America Its prisons are overcrowded and roughly 65% of the inmates are in pretrial detention Two particular complaints are the excessive use of pretrial detention for those charged with felonies, and prison sentences levied by administrative officials – the corregidores and night judges – that many believe might be replaced by fines, alternative sentencing or reparations It is not uncommon for pretrial prisoners to remain jailed for more than their possible minimum sentences and, in some cases, beyond the maximum possible sentence Also, many sentenced prisoners are not considered for parole, even though eligible, because of deficient prisoner tracking systems

As for the country's entrepreneurs, they too view the judicial system as slow, cumbersome and capricious Consequently, they are interested in alternative dispute resolution which despite its higher costs to the user can reach resolution far more rapidly than if the case is taken to the commercial courts

Capacity of the AGO The AGO is responsible for the work of all prosecutors in country and the criminal investigators within the PTJ Problems in the AGO as well as in the PTJ that contribute to slowness of the justice system range from need for additional training to issues of communication between the PTJ and the prosecutors, and among the prosecutors themselves

Capacity of the Judiciary The GOP has not been able to sustain most judicial training programs because of budget limitations Although the Judicial School trained/retrained most judiciary staff, it failed to develop a master curriculum and still seems uncertain about its role and mandate The School remains dependent on donor resources for what courses it currently delivers and tends to subordinate course content to donor preferences Additional funds alone will not resolve the problem More attention needs to be given to making more efficient use of moneys already on hand For example, given the fact that prosecutors do not have their own

training school, thought should be given to using Judicial School facilities and/or staff to provide training to prosecutors

Lack of Demand for Reform Panama's justice system has been severely criticized in the media from within and outside of the government Critics have included a former First Vice President who recently stated that, "The people of Panama are totally frustrated with the systemic slowness, lack of credibility and corruption that impacts the economy and political life" An even more vehement critic is former President Perez Balladares who publicly stated in May 1998 that the justice system was "on the verge of collapse " Despite these difficulties, there is a lack of of any concerted private or public support for systemic change While active in securing special legislation to address the issue, the commercial sector has not shown any particular interest in broader reforms The conclusion of USAID's assessment was that few people within the judiciary feel that the justice system really needs to be changed While some prosecutors have complained about the system and the Attorney General himself has said that it should be changed to make it faster, the judiciary, on the whole, is not interested in change In fact, virtually no one working within the system appears overly concerned about the very negative perceptions the general public has about the justice system

The country s fledgling NGO community so far has not stepped in to fill this void Modest work toward reform currently undertaken by NGOs in the sector is fragmented and probably cannot have any impact on improvements in attitudes, policies or procedures within the justice system without outside donor assistance such as that contemplated by USAID NGOs do not work together generally No one, including business groups, is working to develop any coherent, comprehensive vision of the justice system, let alone a sectoral reform program One natural outcome of this is that there is virtually no popular, articulated demand (as opposed to general complaints) for improvement in the justice system There has been no catalytic force in civil society which might galvanize the media to do more aggressive reporting on the system Indeed, editorial and reporting staff lack the training and sophistication to do it in any event

Vision of desired conditions in 2006

The Mission's Strategic Objective -- "Fairer and Faster Justice System Facilitated" -- sums up our vision of where we want to be in seven years We hope to have created a justice system that is perceived by the majority of people as being fairer and faster By fairer, we mean that fewer people will feel that the judiciary in criminal and commercial cases is incompetent and/or corrupt By faster, we mean that cases will be resolved/decided more quickly than they are now By resolved/decided, we mean that a competent court has taken a formal decision, or a dispute has been referred to an Alternative Dispute Resolution mechanism where it has been resolved

The Mission believes that perceptions of the justice system will improve when two sets of conditions have been met

The first set is when users of the system feel that they have better access to the system By better access, we mean that the general populace that makes use of the system (not just the judges, prosecutors and lawyers) has 1) the sense that the justice system treats them more fairly and quickly, 2) a better understanding of how the system works, 3) a better grasp of what can be done to improve the system, and 4) ready access to services such as free legal counsel and/or affordable legal services

The second set is when the court systems and their operators do a better job of administering the justice system By a better job, we mean that the operators are moving cases through the system faster, and that they have created - or at least, are moving to create - systems of dispute resolution that are more transparent and understandable, and less susceptible to corruption

The Development Hypothesis The development hypothesis is that Panama's justice system can be made fairer and faster by working with civil society to address the root causes of corruption, improve commercial justice, enhance access in the criminal courts for the disadvantaged and strengthen the institutional capacities of both the PNP and PTJ These activities constitute the focus of the four intermediate results within the Mission's SO USAID can and should play an important part in bringing about technical, policy and organizational improvements in these key areas of the justice system based in part on its comparative advantage emanating from its successful predecessor efforts

Critical Assumptions

There are a number of key assumptions upon which achievement of SO2 depend

- The new government will have the ability to follow through on its promise to implement reforms within the judiciary, and recent budgetary increases for the judiciary can be maintained, if not increased

- Resources from any one donor are not sufficient to achieve the SO, but taken together, particularly those of USAID and the IDB, they will be able to do so For this reason, we are showing in our proposed results framework activities related to the IDB program as well as those for the USAID program In this regard, we will convene an informal donor working group (consisting of the major donors – IDB, UNDP, the Spanish and USAID) that will meet periodically The Donors' Working Group, in addition to ensuring that there will not be overlap or duplication of effort, will work to address any difficulties that arise in the implemention of their respective donor programs

- The fledgling NGO community can be galvanized to work with the public at large for changes in the justice systems and to mobilize pressure within the legislative assembly to maintain progress toward reform The development and institutionalization of organized grassroots demand for improvement in the justice system via civil society are necessary to sustain achievement of the Mission's AOJ program

- USAID budget resources for the SO will be secured at request levels

Commitment and Capacity of GOP and Other Donors

GOP
A number of recent developments suggest that the GOP may be willing to work with USAID/Panama to provide for genuine reform of the country's legal system Former President Perez Balladares created two Special Commissions on August 3, 1998 One commission had three specific duties, including 1) undertaking an assessment of the judicial system, 2) defining steps to be taken in the short, medium and long-term to improve its operations, and 3) proposing the requisite judicial and administrative instruments to achieve these objectives Sectors represented on the commission included the Executive Branch, the Judiciary, the Legislative Assembly, the AGO, the Panamanian Bar Association, Private Enterprise National Council and the Panamanian Chamber of Commerce The other commission was charged with reviewing two draft proposals for reforming the existing Criminal and Criminal Procedural Codes Its members represented the Executive Branch, the Judiciary, the Public Ministry and the Panamanian Bar Association While the reports have yet to be publicly released, they have been completed

USAID/Panama has engaged in discussions with President Mireya Moscoso, and she has repeatedly stated her own strong interest in overhauling the justice system, most recently in her inauguration address Her goal is to make the justice system more accessible and less susceptible to corruption – in short, goals identical to those of USAID She and her team are seeking USAID assistance to improve the country's administration of justice and to undertake a comprehensive anti-corruption program within the GOP, the latter a new intitiative that she has raised in her recent discussions with the USG Country Team

Other Donors
As the predecessor USAID program drew to a close, the IDB developed an AOJ program for Panama To be implemented in stages, the first stage provides for $18 9 million and will be disbursed over a four-year period beginning in 1998 This program is larger and more comprehensive than the predecessor or proposed USAID program, complementing and expanding considerably USAID's programmatic activities within the criminal justice area Priorities for the IDB include reduction of case backlog in the courts (criminal and civil), assistance in strategic planning and management, training and judicial career assistance, construction of joint administrative facilities for judges and prosecutors, and improvement of computer management information systems

Other donors include the United Nations Development Program (UNDP), the Organization of American States (OAS), the European Union (EU), Spain, and several other small bilateral programs (the British, the Germans and the French) that are providing limited training and technical assistance The UNDP has focused primarily on problems with the prison system, the issue of pretrial detention and the use of computers in addressing delays in criminal cases The EU is funding a regional effort to organize studies and seminars in all Central American countries on their justice systems The EU also has prepared a proposal to improve prison

conditions Having provided assistance in the past, Spain is initiating a new program that consists of training for civil court staff, including judges and magistrates Training will take place at the Judicial School and will include training of trainers Spain is also providing assistance to the prisons and is coordinating this program with the UNDP and the EU

b Results Framework

Strategic Objective 2 Fairer and Faster Justice Systems Facilitated

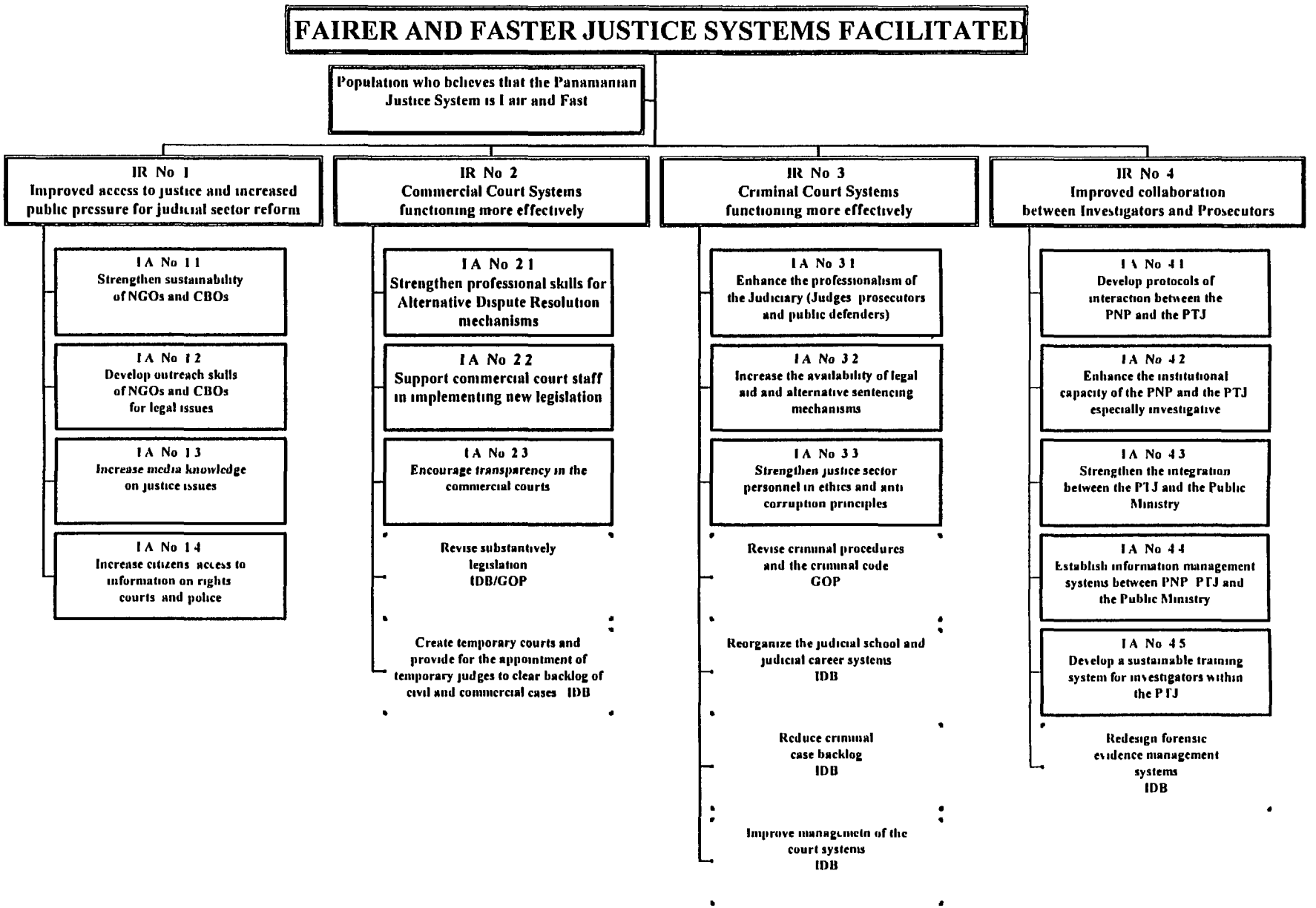
Description

A fair justice system is seen as one in which all accused are treated equally, the guilty are punished and the innocent exonerated An expeditious system is one that determines guilt or innocence within the least possible time and within the parameters of a fair and just system

This Strategic Objective is designed to improve democratic governance in Panama by providing better access to the country's judicial system and improving the administration of justice within the country An active and effective demand for change must come from an organized civil society If the effort to modernize the justice systems is to prevail, civil society must be engaged to address the root causes for the perception of corruption within Panama, including the lack of access of the disadvantaged Panama also requires assistance to implement critical reforms of its criminal and commercial justice systems Technical assistance must be furnished to reduce the considerable backlog of criminal cases, and substantial reforms are required to bring civil/commercial legislation up to mandated international standards if Panama is not to be marginalized in the global economy Finally, there is a critical need to enhance collaboration between investigators and prosecutors to ensure adequate investigation and prosecution of crimes

A Mission-financed AOJ assessment is the basis upon which the proposed program has been designed Additional analyses will be undertaken to better define specific interventions Given the relatively modest availability of program funding and staff, and the considerable needs of the Panamanian legal system, the Mission envisages an intensive effort that likely will continue through the strategy period ending in FY 2006 The USAID program will be coordinated closely with that of the IDB, the first stage of whose program already is encountering implementation delays and likely will be extended

USAID/PANAMA
STRATEGIC OBJECTIVE No. 2



Intermediate Result 1 Improved Access to Justice and Increased Public Pressure for Judicial Sector Reform

Description

Improved access of Panamanian society particularly the poor, to justice and public pressure/advocacy for continued reform through civil society organizations are key to achieving sustainable change and improvement in the justice sector In any society, it is ultimately the citizenry at large that must take the lead in shaping its social institutions NGOs and community-based organizations (CBOs) traditionally function to identify problems in a given system (in this case, justice) and then develop and implement strategies for solving them In the Panamanian context, this suggests that NGOs would push for legal and regulatory reforms as well as budgetary increases and openness in policy formulation and personnel assignments NGOs/CBOs can also play a pivotal role by leading efforts of the populace in its demand for transparency in judicial issues as a means to discourage corruption

Panama is unusual in that the NGO sector is weak as a whole, and this is particularly true in the justice sector At present, there are just a handful of new and weak NGOs who deal with the sector and its issues In those few cases where a group is active, it tends to focus on one issue NGOs will need to organize themselves better, both as individual organizations and as a group representing NGOs involved in the sector, and they will need to develop and aggressively act on a common agenda for changing the system

A recent survey focused primarily on Panamanian NGOs revealed 1) a general lack of institutional capacity and resources to develop proposals or conduct research that focuses on broad justice sector issues, 2) ignorance of modern fund-raising techniques, and project design and management, 3) concentration on narrow and specific interests, with little attention paid to root causes of difficulties within the overall legal context, 4) inability of even the most notable private sector organizations to develop an agenda to address pressing judicial problems that pose as obstacles to investment and to tackle the lack of credibility of the justice system in its treatment of the business community in Panama, 5) lack of coordination with other similar groups to devise strategies and form united fronts to press for greater legal reform, and 6) failure to make effective use of the media to disseminate ideas and proposals Outside assistance is required to support the progressive build-up of civil society Progress in creating and maintaining organized societal pressure will be key for continuing justice reform

The media pays little attention to the justice sector and has little knowledge of the system Indeed, information in general is lacking about the system and how it works, at least insofar as the general public is concerned Incisive, aggressive reporting and editorial stances on the part of the media, both print and electronic, will play an important role in generating change both on its own and as a complementary force to NGO efforts

Accomplishments

Aside from a grant for civil education in the 1990 s to a women s NGO, USAID has had little experience to date in working with civil society in Panama's justice sector While the United States Information Service (USIS) trained four journalists in reporting on administration of justice issues any work to date has been on an ad hoc basis Recognizing the need for a long-term sustained effort to stimulate the development of civil society in Panama the Mission proposes to work in the area of civil society development in Panama through the strengthening of NGOs/CBOs because this process is key to the establishment of effective democratic governance within the country The Mission will engage NGOs/CBOs to address the root causes of corruption NGOs/CBOs working nationwide will promote demand for real reform and assist in the identification of requisite legal modifications While this will constitute a new area of focus for the Mission, it will not represent a new intervention for the Agency USAID has considerable worldwide experience in the development of civil society, and this can be brought to bear in Panama

The USAID intervention would not duplicate other donors' efforts Other donors traditionally have not worked in this area, and only limited, other donor engagement is anticipated in the near future, e g , some modest help from the IDB

Illustrative Approaches

Strengthen the sustainability of NGOs and CBOs USAID will develop and/or strengthen NGOs and CBOs that will be able to identify areas for improvement in the justice system (both criminal and commercial) and subsequently help NGOs/CBOs to develop consensus on plans of action to implement sustainable improvements USAID will undertake an inventory of the capabilities of NGOs and CBOs involved in the justice sector The inventory will ascertain which NGOs and CBOs are working on or poised to work on justice issues, their focus, programs/projects they are currently implementing, their organizational capabilities in terms of fund-raising and production of results, and the sets of skills and equipment they offer USAID also will provide training over the seven-year life of the strategy to strengthen the NGOs and CBOs and foster networks Training will include strategic planning, project design, fund-raising, workplan development, finances, project implementation, tracking and reporting on results, attraction of members, promulgation of information, and recruitment of technical expertise Criteria for NGO participation will include registration under Panamanian law, demonstrated need and the ability to put the training results to productive use A major outcome of the NGO-strengthening will be a national justice sector reform conference that will assist in defining a consensus agenda for reform within the country

Develop outreach skills of NGOs and CBOs for legal issues NGOs and CBOs that have graduated from the core training will become eligible for training in more advanced areas such as lobbying for change and introducing legal agendas into the media All training will de-emphasize lecture-style learning, instead it will emphasize immediate application of lessons learned with the anticipation that participating NGOs/CBOs would graduate with funding

proposals or other relevant products in hand Technical assistance and training will be designed to stimulate the formation of NGOs/CBOs alliances and networks These horizontal connection among NGOs and CBOs will be important because they will stimulate the formation of productive partnerships and collaboration while strong vertical connection between the NGOs/CBOs and policy making bodies will allow NGOs/CBOs to bring community-level concerns to the attention of policy-makers NGO on-the-job training will provide hands-on learning opportunities Those NGOs/CBOs that best utilize the training will become eligible for specific projects on legal issues

Increase media knowledge of justice issues NGOs/CBOs by themselves will have a difficult time advancing arguments for improvement in the justice system without the participation of print and electronic media However, the media itself suffers from lack of knowledge of the justice system and alternatives for improvement Consequently, the Mission will seek to train media executives (newspapers, TV and radio) and reporters in justice issues and alternatives for improvement Training for reporters will start with such basic concepts as the meaning of legal terms, organization and functions of the judicial systems, judicial processes, and the differences between criminal and commercial justice systems Training will also include more philosophical concepts such as the protection of the rights of the accused through refraining from the premature publication of information that may affect rights to a fair trial USAID technical assistance and training will enhance the capabilities of reporters and other media professionals to produce in depth investigative reporting and incisive editorials as tools to promote change, advocate reforms and discourage corruption

Increase citizens' access to information on rights courts and police Civil society development by definition will result in increased information made available to society at large on its rights under the law, the functioning of the courts, police structure and functions, and best options in any given case Grants will be made to selected NGOs/CBOs to promote civil education, citizen participation, research work and the establishment of watchdog organizations As watchdog organizations NGOs/CBOs will become proactive entities that advocate not only for increased access of the population to improved justice systems, but also for increased transparency and openness as a means of discouraging corruption

Intermediate Result 2 Commercial Court Systems Functioning More Effectively

Description

Increased socio-economical and technological changes in Panama during the past decade have resulted in a large number of complex business cases that require legal solutions The steady growth in the number of foreign and domestic companies operating in Panama has led to an increase in the number of commercial and legal transactions and, consequently, in the number of cases of litigation As a result, the institutions responsible for dispensing commercial justice have simply been unable to keep up with the demand in an expeditious and adequate fashion Interwoven with the foregoing problem is the issue of corruption This issue can manifest itself in many ways, ranging from questionable seizures/expropriations of lands held by citizens from

the United States and other countries, to opaque bidding practices to inexplicable court decisions against foreign investors Steps need to be taken to ensure transparency of conflict resolution systems, be they formal or informal In addition, action is required to inculcate ethics and values of fairness, objectivity and balance within the system Root causes of the problems include 1) a legislative environment which fosters delays and inefficiency, 2) the staggering backlog of cases which has saturated the system, 3) the need to strengthen human resources in the sector, including the improvement of skills in alternative disputes mechanisms, and 4) management deficiencies in the court system

Advances are being made One such advance is the private business sector's recent creation of a center for the mediation and arbitration of commercial disputes in the Panamanian Chamber of Commerce, Industry and Agriculture This initiative, supported by the IDB, is designed to help introduce alternative dispute resolution (ADR) mechanisms that can be used by parties to negotiate out of court, thereby reducing the caseload of the regular courts Also, new legislation creating mercantile courts and providing for the use of arbitration to settle disputes has secured approval

Accomplishments

In its predecessor work within the justice sector, USAID did not focus on issues of commercial law There has been only indirect involvement through training of the judiciary as a result of the creation of the Judicial School However, a major rationale for USAID reinvolvement in Panama's justice sector is the need to ensure that U S business finds an open investment climate in Panama, one in which it is not discriminated against in commercial disputes or court proceedings This was also a major rationale for the elimination of the close-out date for the USAID program in Panama Moreover, the continuing optimal operation of the Canal itself requires a justice system that ensures application of internationally recognized commercial law and legal procedures The USAID/Panama program in the area of commercial law will not duplicate or overlap with other donors' programs because niches have been defined that are not addressed by other donors Expected benefits will far outweigh USAID's modest investment, resulting in a very cost-effective effort

Illustrative Approaches

The USG foreign policy interest of promoting American business overseas requires that more be done to make commercial courts function effectively In coordination with the IDB and other donors (the Spanish), we will emphasize three areas We will strengthen the skills of professionals engaged in ADR activities, including attorneys in business law, we will support commercial court staff with training, and we will encourage transparency in the commercial court through the sponsorship of seminars workshops and training courses to squarely address ethics/corruption issues in order to bring about an open, transparent system

Strengthen professional skills for Alternative Dispute Resolution mechanisms USAID will complement ongoing IDB support of GOP efforts IDB is providing resources to assist the

Panamanian Chamber of Commerce Industry and Agriculture to establish a center for conciliation and arbitration In addition, it has provided initial training for a small number of arbiters and mediators The system functions completely in the private sector without GOP involvement However, in its implementation, some decisions arrived at by the arbiters have not been considered binding by parties who decide to revert to the courts, thus defeating the intent of ADR mechanisms In July 1999, a decree establishing arbitration, conciliation and mediation as alternative dispute resolution mechanisms was approved This new legislation taken together with the fact that most Panamanians are not used to solving conflicts out of court suggests the desirability to intensify efforts to improve the skills of staff and professionals USAID will address these needs Training will be provided to enhance the skills of individuals involved in the use of ADR mechanisms The training will cover concepts, process experience and lessons learned in other countries and will highlight the benefits to be gained as a result of the use of these mechanisms

Support commercial court staff in implementing new legislation USAID support in this area will fill an immediate need This effort also anticipates changes in existing legislation and the promulgation of new legislation that will result in significant reforms in civil procedures, as well as the establishment of specialized commercial courts The USAID response to these changes is an ambitious training program for judges, support staff and attorneys The USAID training will have a near-term focus in contrast to that of the IDB's which will concentrate on judges within the context of a revitalized Judicial School

Encourage transparency in the commercial courts On a priority basis, USAID also will support special courses in ethics training for commercial court professionals and support staff as an underlying theme in all of its training This training is designed to help address the incidence of corruption, including influence peddling Concomitantly, programs will be developed that can be carried out through either seminars or workshops within the country's private sector to sensitize it to the negative affects of corruption

For its part, the IDB, in addition to its training of judges within a revitalized Judicial School, will use essentially two mutually-reinforcing approaches

Revise substantively commercial legislation The IDB will assist the GOP to improve the legislative environment in which the commercial justice system operates This involves an assessment of existing legislation with a view toward identifying the causes for delays and congestion in the courts Changes will be recommended and new legislation proposed

Create temporary courts and provide for the appointment of temporary judges to clear backlog of civil and commercial cases The IDB program is crucial to bringing a sense of normalcy to the system The enormous backlog of cases saturating the system and the delay in resolving conflicts contribute to a lack of access to justice The IDB program will involve the installation of temporary courts and the contracting of full time judges and support staff on an interim basis

Intermediate Result 3 Criminal Court Systems Functioning More Effectively

Description

The problem of access stems from the cost of justice and even more from the perception that should one take a case to court, the more powerful and influential will prevail This is most prejudicial to the poor population without political contacts For poor citizens the major obstacle is the cost and the scant provision of pro bono or subsidized legal services The Institute of Legal Defense claims to provide counsel for almost two-thirds of the criminal cases seen by the ordinary judiciary and also offers limited services in family cases and cases dealing with minors This is supplemented by the National University's legal clinic and a few NGOs including at least one which handles some administrative cases A program intended to encourage pro bono services by giving participating attorneys tax breaks is reportedly frustrated by the failure of judges to furnish reports on services to the Institute of Legal Defense, the organization charged with certifying such services Provisions for subsidized services in the bulk of civil cases are virtually nonexistent In short, the system's accumulation of a case backlog may well be a reflection of the constraints on access -- the costs to users, the delay in resolution and the structural biases working against a majority of citizens

There is also the human aspect of the system Owing to flaws in the judicial system, thousands of Panamanians are trapped in prisons In almost all cases, the individuals involved are poor or of modest means at best Poor prisoners do not have access to quality legal services Victims are not helped to obtain adequate redress A potential but significant solution for these groups would be to educate prosecutors, judges, public defenders and private attorneys in the use of alternative detention or sentencing remedies and to develop pro bono systems to increase citizen access to legal services

In general, the Panamanian criminal courts are problematic Improvements in productivity, impartiality and speed are required The major difficulties besetting the criminal justice system, not unlike those previously described for the civil/commercial system, are slowness, the difficulty of guaranteeing due legal process and barriers to effective citizen access The system also displays weaknesses in terms of quality, efficiency and transparency of procedures employed within the judiciary

Contributing to these difficulties are 1) weaknesses in institutional planning and management, 2) a paucity of training that would assist in the development of judicial career opportunities and that would provide incentives for better performance, 3) problematic structural judicial organization and infrastructure, 4) deficiencies in criminal investigative capacity, 5) procedural shortcomings and barriers to access, and 6) scant citizen participation in working to improve the system

Accomplishments

USAID can report a number of achievements It created the Institute of Legal Defense which has grown to a state-financed body of 36 defenders (or roughly 80 legal and paralegal professionals) These public defenders are representing defendants in about two-thirds of all criminal cases, each carrying a caseload of about 500 to 600 cases USAID also financed the creation and initial operations of a Judicial School which served professional and administrative personnel for the courts, including the Public Defenders and the AGO USAID-sponsored training courses encouraged immediate improvements in the skills and attitudes of judges, prosecutors, public defenders and their staff In addition, USAID financed the creation of legal libraries in the Supreme Court, AGO, Judicial School and the nine regional legal centers, as well as the provision of 233 small legal reference collections for individual professional staff

To achieve the IR, USAID will continue to pursue training of judges, prosecutors and public defenders Such training was a key element of USAID's successful predecessor program and is an area where USAID/Panama has a demonstrated comparative advantage Additional training, not an area of major emphasis for other donors, must be undertaken It is perhaps the single most important element in speeding judicial processes Judges, in particular, will be an emphasis of the USAID training because there is widespread agreement that they have not been sufficiently trained to adequately carry out the large case loads on their dockets

Illustrative Approaches

In close coordination with the IDB, Spain and the European Union, USAID's assistance will target the training of criminal court judges including night court and administrative, prosecutors and public defenders Key relevant legislation enacted during the past two to three years will be reviewed to assess specific training requirements As the IDB, Spanish and other donor interventions evolve, these will be assessed to identify areas in which USAID may want to respond with additional training An underlying theme in all USAID training programs will be ethics training targeted primarily to judges, prosecutors and public defenders To the extent feasible, this training will also be provided for legal practitioners in general Training will range from highly structured in depth courses to seminars and workshops Finally, USAID will promote structural changes within the courts Alternatives such as the use of alternative sentencing will be explored to reduce the unacceptably large number of Panamanians in prison

Enhance the professionalism of the Judiciary (judges prosecutors and public defenders)
USAID will reinitiate training of judges, prosecutors and public defenders, and it will strengthen performance monitoring and evaluation systems for prosecutors and public defenders The training program will feed into and complement the IDB program to reorganize the Judicial School and provide for greater career opportunities for the judiciary Initially, limited training will be provided for criminal judges and will be focused on changes introduced in the codes over the past two years Training will also cover the drafting of judicial codes, judgments and reports Concurrently, USAID will work closely with the GOP, the IDB, the Spanish government and the European Commission to develop a more detailed strategy for effecting change in the judiciary

This is expected to lead to the identification of additional priority training needs and the implementation of related training activities for prosecutors and public defenders The overall intent of the training is to assist in reducing the criminal case backlog and hence the considerable number of Panamanians in jail

Increase the availability of legal aid and alternative sentencing mechanisms USAID will promote improvement and expansion of effective pro bono or subsidized legal services to provide assistance to poor and disadvantaged prisoners and victims of crime The Mission also will examine the feasibility of widespread use of alternative sentencing mechanisms as an alternative to the use of the formal justice system to address and resolve conflicts and disputes Specifically, USAID will support a study of night/administrative court systems with a view towards determining means to make them fairer by examining alternatives to the use of incarceration for misdemeanors such as alternative sentencing for social services or community work

Strengthen justice sector personnel in ethics and anti-corruption principles USAID will support special courses in ethics training for court professionals and support staff with emphasis on judges, prosecutors and public defenders to sensitize them to the need to provide their services transparently This training is one element of a broader approach to address the causes of corruption Emphasis will be on the use of NGOs and the media to lower tolerance for corruption throughout the system The ultimate intent of the ethics training assistance is to develop and refine courses that can be incorporated into the curricula of the Judicial School and law schools of the local universities

The IDB program will emphasize work in four areas

Revise criminal procedures and the criminal code President Ernesto Perez Balladares established in the summer of 1998 two high level commissions to conduct an assessment of the judicial system and recommend corrective actions The commissions have completed the tasks, but their final reports are pending publication Once these are published, the new government will determine any follow-on steps toward the revision of procedures and the codes The IDB together with USAID and other donors is prepared to assist the new government with technical assistance USAID will support NGOs in pursuing the problems identified and in evaluating the recommendations developed

Reorganize the Judicial School and judicial career systems The IDB will help the GOP reorganize the Judicial School with a view towards improving career opportunities for the judiciary and strengthening management of human resources within the judicial system Specifically, this effort will include 1) an in-depth review of the judicial career system and preparation of proposals for its improvement and consolidation, 2) the design and implementation of objective mechanisms for performance evaluations linked to an incentive system, 3) workshops and seminars to build consensus and implement recommendations for reorganizing, strengthening and increasing the autonomy and the institutional management of the Judicial School, and 4) the development of a sustainable training system which operates under

agreement with universities, specialized agencies and other public or private entities to make better use of national and international resources

Reduce the criminal case backlog The IDB will help the GOP reduce the backlog of criminal cases through focusing on 1) the design and introduction of a computerized information system of the penitentiary population 2) the development of linkages for sharing information between the Judicial Branch the Attorney General's Office and the prosecutors and the Ministry of Government and Justice, 3) the procurement of computer equipment and the development and improvement of software, and 4) the preparation of a plan to reduce the number of prisoners awaiting trial, including a revision of related criminal legislation

Improve management of the court systems The IDB will initiate a longer-range effort designed to effect comprehensive and profound changes in the management of judicial services This initial phase will concentrate on the establishment of two pilot regional judicial units in Panama City and Chiriqui These units, once operational and evaluated, will be replicated in other regions of the country The purpose of the activity is to redesign judicial management processes and systems for handling cases and to make the service more efficient and accessible Specific activities include the final design of models for management and processes In addition to an automated information system and the training of support staff, the IDB also will assist in the development of physical infrastructure The two pilot project for judicial units in Panama City and Chiriqui will include an office for court-appointed counsel, a mediation center for the judiciary branch, offices for prosecutors and the technical judicial police, a victims' assistance center and a community relations center

Intermediate Result 4 Improved Collaboration Between Investigators and Prosecutors

Description

Since the International Criminal Investigative Training Assistance Program (ICITAP) became operational in 1990, it has spearheaded the conversion of Panama's military apparatus into institutions that embody civilian law enforcement concepts and ideals This complex and challenging process continues to this day It involves recasting all aspects of administrative and operational activities to provide effective law enforcement services to Panama More importantly, it entails changing the very nature and culture of the police forces For this process to succeed, both the PNP and the PTJ must function as honest and effective public servants and protectors under civilian control and direction

Much remains to be done to achieve a comprehensive, cohesive and sustainable investigatory system that works well with the remainder of the judiciary Issues pertaining to coverage of investigative authorities, coordination with other sector entities (particularly between the PTJ and the prosecutors within the Public Ministry), sustainability of investigative training capabilities and information sharing with other justice system entities still exist These factors taken together continue to hamper administration of justice throughout the country

Sustainability is particularly important If it is not adequately addressed returns from ICITAP resources invested in training of the PTJ agents over the last nine years will not be as robust as they otherwise would be In addition to the sustainability issue, other specific shortcomings must be addressed to assure optimal interaction and collaboration between the investigators and the prosecutors Requiring immediate attention, these shortcomings include 1) developing protocols of interaction between the PNP and the PTJ 2) enhancing investigative skills of the PTJ 3) strengthening integration of PTJ and Public Ministry efforts and improving relations between the two entities, 4) establishing information management systems that provide for interconnectivity between the PNP, PTJ and the Public Ministry, 5) developing a sustainable training system for investigators within the PTJ, and 6) redesigning forensic evidence management systems (this will be an IDB/focus area)

Accomplishments

After nearly nine years of training and assistance, both the PNP and PTJ are providing basic police services and investigative services as required under Panamanian law They have institutionalized the concepts of civilian policing and respect for human rights Both the PNP and PTJ are responsive to and under the direction of civilian-elected officials, although there is tension between the commander of the PTJ and his supervisor -- the Attorney General (the head of the Public Ministry) In recent public opinion polls, the PNP has been found to be one of the most trusted institutions in Panama During the recent general elections for president and other offices, the PNP demonstrated a high degree of professionalism in the manner in which it allowed political demonstrations to take place while at the same time maintaining public order The public trust and confidence in the PTJ is also at a high level as a result of PTJ resolution of several high profile crimes in the recent past

USAID will continue to work to introduce a sustainable investigatory system within Panama, focusing on the PNP and PTJ This is an area of demonstrated comparative advantage for USAID/Panama The Mission, through the U S Department of Justice's ICITAP, can already point to a number of accomplishments However, additional efforts are required to fully inculcate within the Panamanian judicial system the concept of civilian police and and to further develop the country's capacity to adequately investigate crimes The GOP is depending on USAID for assistance in this area because of the very limited involvement of other donors

Illustrative Approaches

The Mission is seeking to continue the ICITAP program beyond its proposed 1999 termination date, because we fear that a premature close would jeopardize the sustainability of the training programs developed by ICITAP in prior years The sustainability issue pertains in particular to efforts to integrate work of the PTJ with that of prosecutors and to establish the ACADET training organization for the PTJ The changing of cultural mindsets with respect to teamwork and collaboration are concepts that take time The USAID strategy envisions a modest effort focused on the long-term sustainability of these cultural/institutional changes

Developing protocols of interaction between the PNP and the PTJ Increased collaborative interaction between the PNP and PTJ will help assure adequate investigation of crimes There is limited presence of the PTJ outside of the cities of Panama and Colon The PTJ must rely on the PNP in these limited and non-presence areas to initiate the investigation of criminal activities However, the PNP is poorly equipped and trained to accomplish this task Also PNP officers are routinely rotated from post to post resulting in a loss of institutional memory To improve collaboration between the PNP and PTJ, protocols or guidelines will de developed that will be formally agreed to by both institutions To this end, USAID will negotiate and implement appropriate Memoranda of Understanding between the PNP and PTJ Training will be provided in the implementation of the protocols in both ACAPOL (the police academy) and ACADET (the investigators' school) Finally, a procedural manual that will define the respective roles and responsibilities for both the PTJ and PNP in investigations will be developed

Enhancing the institutional capacity of the PNP and PTJ, especially their investigative capabilities Both the PNP and PTJ continue to experience difficulties in the investigation of crimes Hence, assistance will be provided to help the PNP and the PTJ to upgrade and integrate more effectively their investigative activities The investigative capabilities of the PNP will be broadened and improved by assuring that its agents receive basic investigative training Many cases are lost at the outset due to PNP's inadequate treatment of evidence and other investigative missteps Basic investigative courses are not taught at ACAPOL and only sporadically at ACADET To address the needs of the PNP, a preliminary investigative course will be developed and training provided to all its agents As for the PTJ, a significant number of its investigators have not gone through the full detective training program Assistance will be provided to ensure that all PTJ investigators complete the full set of detective training courses Also in addition to difficulties including low morale, lack of professional skills, arbitrary assignments and high turnover, the PTJ suffers serious personnel problems It encounters difficulties resulting from failure to adhere to recruitment, selection, evaluation, promotion and training policies and procedures USAID will provide technical assistance and training to assist in the establishment of an effective merit-based selection and promotion system linked to in-service training, education and performance evaluations This will involve conducting job task analyses, defining skills and training requirements of each position and establishing standards As part of this effort, an organizational manual describing positions and responsibilities within the PTJ will be prepared

Strengthening the integration between the PTJ and the Public Ministry There is a need to strengthen further the integration of the criminal investigation process between the PTJ and the prosecutors supervised by the Attorney General (AGO) The Public Ministry under the leadership of the present AGO has undergone significant changes in some key areas However, the overall structure and tensions between the PTJ and the AGO remains basically unaltered This contributes to a perception of inefficiency in the investigation and prosecution of most types of crime Among the negative aspects of this structure is the poor, inconsistent and fragmented communication between the prosecutors and the PTJ and the over-formalization of investigation through strict adherence to the requirements of the "instruccion sumarial" process Many prosecutors and judges have not accepted the amplified investigative powers of the PTJ and,

under special circumstances, the PNP and customs inspectors under a series of reforms starting with the Organic Law of the PTJ in 1991 (Law 16) The prosecutorial establishment has been slow to utilize these liberalized processes preferring instead to conduct investigations in the traditional manner through the cumbersome "sumario" system This system involves a number of labor-intensive steps and provides opportunities for judicial missteps For instance, under the system statements of witnesses are taken by untrained personnel

Intensive training and technical assistance will be provided to the PTJ and Public Ministry in preliminary investigations designed to instill the roles and responsibilities of each as established in earlier Memoranda of Understanding (MOUs) USAID-financed training, to be undertaken primarily via workshops, will place special emphasis on encouraging the Public Ministry and the PTJ at all levels (most importantly at the top where tensions have been particularly high) to develop closer professional relations

Establishing information management systems between the PNP, PTJ and the Public Ministry
The lifeblood of any law enforcement system and ultimately the entire justice sector is the flow of information within the system If the information moves efficiently, the law enforcement agencies can respond promptly to calls from the public and react quickly in fast-moving investigations Assuming appropriate systems, that information can flow to prosecutors and the courts, thereby improving the whole system

The PTJ is the leader among law enforcement agencies in Panama in the development of automated information management systems The PTJ has an automated criminal records database which is directly accessible by the PNP It also has a crime analysis unit that is capable of analyzing information from one investigation or various investigations and developing common elements that tie the facts together The crime analysis unit is capable of processing complaints through the reception center where complaints are logged in efficiently However, an automated case tracking system has yet to be installed within the PTJ, and this will be a focus of ICITAP assistance Further phased systems development already is underway for the PTJ under the ICITAP program This includes 1) a pilot project that would link the claims reception center in Panama City with agencies in Chriqui, Colon and San Miguelito, 2) development of modules for processing images and their incorporation into existing systems, and 3) establishment of a wide area network involving the claims reception center in Panama City and all the provinces, as well as providing for interconnectivity of data bases between the PTJ and other GOP entities such as the Public Ministry, the Elections Tribunal and the Transit Board

The prosecutors' office has not kept pace with the PTJ in the development of automated information management systems, and this also poses difficulties Information systems in the prosecutor's realm are rudimentary and concentrate on mere numbers Moreover, the results of PTJ investigations often do not appear in prosecutors' case files While this may seem a minor detail this is a grave deficiency in a written system where documents serve as proof If the evidence is not in a file, it will not be taken into account at any subsequent trial

The PNP is by far the largest generator of crime-related information in Panama While the PNP has direct access to some of the PTJ's computerized databases, the reverse is not true The PNP's databases have not been computerized for the most part PNP has the requisite hardware However it does not have adequate software to make effective use of the hardware This limits PNP's ability to access their own criminal records on a timely basis and to provide automated records to other government agencies It also affects negatively its ability to manage and supervise workloads and to generate the necessary statistical information required to do legitimate strategic planning

Technical assistance will be provided to support the development of software for both the PNP and the prosecutors in the Public Ministry, together with requisite training Computer hardware also may be furnished to the prosecutors within the Public Ministry This will facilitate effective interconnectivity between the PNP, PTJ and the prosecutors within the Public Ministry Emphasis will be placed on the development of automated information management systems

Developing a sustainable training system for investigators within the PTJ The PTJ is not prepared to sustain its investigative training system over the long-term While ICITAP has trained trainers over the last few years, the PTJ has not capitalized on that investment ACADET, the PTJ s school for investigators, does not have a strategy to ensure its long-term sustainability While not problematic in the near term, this may spell trouble within the next few years Curricula will not be updated, new instructors will not be trained, and classes will shrink or disappear as ICITAP-trained instructors leave or retire from the PTJ

To prevent this from happening, USAID will assist the PTJ to develop a strategic vision in a set of action plans These plans will include a focus on the institutionalization of training activities at ACADET on a sustainable basis ACADET must be able to provide training that will permit PTJ personnel to meet clear, well-defined job related standards for merit-based recruitment, selection and promotion As part of the strategic planing exercise, budgets for maintaining the school over the medium-term will be developed, as well as indicators and methodologies to measure the impact of the training Demonstration of positive impacts from training would encourage the GOP to finance such training, thereby helping to institutionalize the ACADET training The basic curriculum will be developed jointly between the PTJ, the Public Ministry and USAID in close collaboration with the IDB and other relevant donors Limited commodities such as computers and software, text books and reference material may be provided Skills of ACADET staff personnel will be upgraded where warranted and the training of trainers also will be pursued

The IDB will play a limited role in achieving objectives for IR 4 in that it will focus on the forensic management systems

Redesign forensic evidence management systems The custody of evidence generally is deficient, suffering from various weaknesses as a result of a lack of adequate managerial and organizational mechanisms The Forensic Medicine Institute, in particular, is poorly organized Its managers lack knowledge of specialized techniques, and this problem is compounded by

inadequate equipment and infrastructure There is constant risk that evidence will be lost through theft or destruction Consequently, prosecutors cannot reliably produce proof of crimes This contributes to a lack of confidence in the criminal justice system Further, lack of evidence, equipment, and knowledge of new, scientific methodology often makes it impossible to determine the causes of many deaths The IDB will focus on 1) management and reorganization of the Forensic Medicine Institute, 2) the handling, classification storage and safe-keeping of evidence, and 3) the repair of existing equipment and the procurement of new equipment

c Sustainability of SO Results

Democracy in Panama is still fragile despite nine years of progress and substantial accomplishments Panama has re-established many of the essential laws and the institutional structures fundamental to the justice sector However, two decades of authoritarian rule have not been easy to erase Frequent criticisms of the functioning of justice institutions variously blame inadequate systems, outright corruption, or individual incompetence for inequitable and unacceptably slow implementation of the law More needs to be done to complete the job of reform in the justice sector

A major reason is that civil society has not actively participated in the re-building of the justice sector Experience from previous USAID justice reform projects in Panama has shown that promotion and even achievement of legal and technical reform within the institutions of the justice sector is not enough to guarantee change and effectiveness To counteract the natural inertia and frequent political pressures within justice sector institutions, the development of improved technical capacity and expertise within the institutions must be complemented with monitoring, evaluation and pressures from civil society to assure that judicial reform is carried out according to community interests

The sustainability of this entire justice system objective requires engagement of civil society to create and maintain organized societal pressure "Intermediate Result #1 Improved Access to Justice and Public Pressure/Advocacy for Continued Reform Through Civil Society" includes a number of specific activities that have value in and of themselves Their long-term, lasting significance, however, will be their cumulative contribution to the overall sustainability of this entire strategic objective and each intermediate result

Building blocks for involvement of civil society do exist The Panamanian press is vocal despite complaints that it concentrates largely on sensationalist reporting and fails to provide the basis for the development of informed public opinion on major public policy issues such as those arising from deficiencies within the justice system Opposition political parties express themselves very strongly on justice sector issues Donor programs have successful track records in helping the press and other media play that critical public education role

In sum, the USAID/Panama strategy for sustainability of its AOJ program rests on four key premises One, civil society NGOs/CBOs will be strengthened, a development provided for

under IR #1, to the point that they can sustain their activities on their own or be able to attract financing from the private sector or other donors Two, USAID interventions in the SO's other three IRs will be shown to be of sufficient value that they too can attract financing and support For instance, the GOP can be persuaded to 1) assume the training for commercial court staff under IR #2 and judges, prosecutors and public defenders under IR #3, and 2) provide support for ACADET courses and the information management systems developed within IR #4 In this regard, maintenance, if not increases, in the judicary's share of the total government budget is of the utmost importance Three, where feasible, user charges with the private sector will be pursued A case in point may be the ADR mechanisms that will be installed, the private sector will likely be called upon to provide financing for their continued operation Four where USAID interventions are encountering difficulties in securing institutionalization civil society pressure via the NGOs/CBOs that we have strengthened will be brought to bear to ensure such institutionalization

d Measuring Achievement

Collection of data for the indicators will be built into the implementation of the activities The contractor(s)will be required to develop a tracking system which will assemble, format and analyze information and periodically report on progress As required, USAID will also use the most cost-effective means for periodic surveys and seek opinions of focus groups concerning key issues

Indicators and Targets for SO2 and IRs

Strategic Objective 2 Indicator Percentage of population who believes that the Panamanian Justice System is fair, fast and independent

USAID envisions measuring this indicator by carrying out periodic opinion polls and posing specific questions regarding the equity, speed and independence of the system Such polls need not be unduly expensive because statistical sampling techniques require that only a small subset of the entire population be polled to obtain reliable information The key will be to ask the right questions and to pose them in such a manner that unambiguous responses result To provide a check on the reliability of the results of our polls, we will track other indicators, including the average time for case disposition, percent of cases that take longer than two years to resolve, percentage of cases annually cleared disaggregated by criminal/commercial and percent change in backlog of cases, among others At a minimum, the following Intermediate Results indicators will be used

Intermediate Result 1 Improved Access to Justice and Increased Public Pressure for Judicial Sector Reform

- Administration of Justice NGOs reach sustainability
- Targeted NGOs/CBOs are actively advocating improvements in justice
- Media articles advocating for judicial system improvement

Intermediate Result 2 Commercial Court Systems Functioning More Effectively

- Increase in cases resolved through Alternative Dispute Resolution (ADR)

Intermediate Result 3 Criminal Court Systems Functioning More Effectively

- Reduction in percentage of detainees held in pretrial detention
- People convicted of administrative misdemeanors in the metropolitan area who receive alternatives to imprisonment as a sentence

Intermediate Result 4 Improved Collaboration Between Investigators and Prosecutors

- Increase in ratio of completed investigations to reported crimes
- Long-term plan for the sustainability of ACADET

Note Baseline quantitative data and projections for Performance Data Tables 1 3, 2 1, 3 2, 4 1 and the overall indicator will be developed and reported in the next R4 review

Performance Data Table

STRATEGIC OBJECTIVE No 2 **FAIRER AND FASTER JUSTICE SYSTEMS FACILITATED**

APPROVED 00/00/00 **COUNTRY/ORGANIZATION** **USAID/PANAMA**

SO No 2 OVERALL INDICATOR **Panamanians believe that the Panamanian justice system is fair and fast**

UNIT OF MEASURE

- Percentage of Panamanian population who believe that the justice system is fair and fast

SOURCE

- Public polls
- Focus groups

INDICATOR/DESCRIPTION

USAID will track polls and/or focus groups addressing these two issues

Do you believe that the justice system is fair?
- Do you believe that the justice system is fast?

COMMENTS

USAID envisions measuring this indicator by using periodic opinion polls posing specific questions regarding the equity and speed of the system Currently a case management system in the courts is non-existent However IDB is assisting the GOP to establish and effectively manage one Once it is established this indicator will also be measured in addition to the polls by tracking where possible the following

- Average time for case disposition
- Percentage of cases that take longer than two years to resolve
- Percent of cases annually cleared desegregated by criminal/commercial
- Percent change in backlog of cases
- *A CID Gallup poll in September 1998 revealed that only 12% of Panamanians felt that judges treat everyone equally

YEAR	PLANNED	ACTUAL
1998		12%*
1999 Baseline		
2000		
2001		
2002		
2003		
2004		
2005		
2006		

Performance Data Table

STRATEGIC OBJECTIVE No 2 FAIRER AND FASTER JUSTICE SYSTEMS FACILITATED

APPROVED 00/00/00 **COUNTRY/ORGANIZATION** **USAID/PANAMA**

RESULT NAME (IR-1) **Improved access to justice and increased public pressure for judicial sector reform**

INDICATOR No 1 1 Administration of justice NGOs reach sustainability

UNIT OF MEASURE

- Average number of sustainability criteria met by NGOs targeted for core training

SOURCE

- Contractor survey

INDICATOR/DESCRIPTION Ten equally weighted sustainability criteria are grouped in three (3) categories

I Market Criteria

1 An approved strategic plan with relevance to improving administration of justice in Panama
2 At least two (2) grant applications per year submitted for projects or activities to improve access to justice

II Management Criteria

3 Board of Directors meets at least quarterly and produces minutes
4 Basic institutional policies and procedures approved by the Board of Directors
5 At least two (2) staff members on full-time annual salary
6 Performance monitoring system in place that includes an annual report

III Financial Criteria

7 Financial management system functioning with annual budget approved by the Board
8 Independently audited annual financial statements
9 Working capital for operation is secured for at least four (4) months
10 Funding for at least two (2) ongoing projects secured

COMMENTS
*USAID/Panama will contract for survey at beginning of strategy period Actual figures for 1999 to be supplied with Mission R4 (Estimate based on 3 NGOs meeting 2 criteria each plus one meeting none who receive USAID assistance

YEAR	PLANNED	ACTUAL
1999 Baseline		TBD
2000	1 5	
2001	1 7	
2002	2 0	
2003	3 0	
2004	4 5	
2005	6 5	
2006	8 0	

Performance Data Table

STRATEGIC OBJECTIVE No 2 **FAIRER AND FASTER JUSTICE SYSTEMS FACILITATED**

APPROVED 00/00/00 **COUNTRY/ORGANIZATION** **USAID/PANAMA**

RESULT NAME (IR-1) **Improved access to justice and increased public pressure for judicial sector reform**

INDICATOR No 1 2 **Targeted NGOs/CBOs are actively advocating improvement in justice**

UNIT OF MEASURE

- Number of USAID outreach criteria met by targeted NGOs/CBOs

SOURCE

- NGO inventory
- Contractors reports
- USAID reports

INDICATOR/DESCRIPTION

The nine (9) equally weighted outreach criteria are grouped into five (5) categories

Assistance to the poor

1 Implement at least two (2) projects per year aimed at the poor

Engagement of Women

2 At least one project oriented to the needs of women

Public Policy for justice issues

3 Provide inputs to policy making in the justice sector
4 Media uses (3) or more issue presentations prepared by NGO per year
5 Receive two (2) or more contributions from the local private sector per year to address justice issues

NGO Networking for justice issues

6 Participating in the organization of at least one (1) event per year that involves other NGOs
7 Participate in an NGO network or umbrella organization for better governance

International Collaboration for justice issues

8 Web page in place
9 Participate in three (3) or more relevant international events per year

COMMENTS No progress is expected until 2002 as NGO advanced training is not expected to begin until 2001

YEAR	PLANNED	ACTUAL
1999 Baseline		TBD
2000	1 5	
2001	1 5	
2002	2 0	
2003	3 0	
2004	4 5	
2005	6 5	
2006	8 0	

Performance Data Table

STRATEGIC OBJECTIVE No 2 **FAIRER AND FASTER JUSTICE SYSTEMS FACILITATED**

APPROVED 00/00/00 **COUNTRY/ORGANIZATION** **USAID/PANAMA**

RESULT NAME (IR-1) **Improved access to justice and increased public pressure for judicial sector reform**

INDICATOR No 1 3 **Media articles advocating for judicial system improvement**

UNIT OF MEASURE

- Number of print media articles

SOURCE

- Consultant reports
- Local NGO reports

INDICATOR/DESCRIPTION

- Number of print media articles advocating for judicial system improvement. e g (a) editorial (b) columnist and (c) investigative reports published on judicial system reform

COMMENTS

Baseline will be monitored in 1999 and targets will be set at that time

YEAR	PLANNED	ACTUAL
1999 Baseline		TBD
2000		
2001		
2002		
2003		
2004		
2005		
2006		

Performance Data Table

STRATEGIC OBJECTIVE No 2 FAIRER AND FASTER JUSTICE SYSTEMS FACILITATED

APPROVED 00/00/00 COUNTRY/ORGANIZATION USAID/PANAMA

RESULT NAME (IR-2) Commercial court systems functioning more effectively

INDICATOR No 2 1 Increase in cases solved through alternative dispute resolution (ADR)

UNIT OF MEASURE

- Percentage increase in cases solved through ADR

SOURCE

- Panamanian Chamber of Commerce

INDICATOR/DESCRIPTION

This indicator will track the number of cases solved through Alternative Dispute Resolution (ADR) mechanisms

COMMENTS

Caseload management of commercial disputes is a serious problem The number of pending cases at any given time exceeds substantially the level of pending cases in the criminal system However adequate mechanisms for ADR are not yet in place

The intent is to increase the effectiveness of ADR mechanisms increasing demand for their use and reducing the number of cases entering the formal system

IDB has supported the establishment of a Mediation Center in the Panamanian Chamber of Commerce USAID will provide additional training and technical assistance for staff personnel and professional users of the system As part of this assistance USAID will ensure that an adequate tracking system is established and operational

YEAR	PLANNED	ACTUAL
1999 Baseline		TBD
2000		
2001		
2002		
2003		
2004		
2005		
2006		

Performance Data Table

STRATEGIC OBJECTIVE No 2 FAIRER AND FASTER JUSTICE SYSTEMS FACILITATED

APPROVED 00/00/00 COUNTRY/ORGANIZATION USAID/PANAMA

RESULT NAME (IR-3) **Criminal court systems functioning more effectively**

INDICATOR No 3 1 **Reduction in percentage of detainees held in pretrial detention**

UNIT OF MEASURE

- Percentage of detainees held in pretrial detention

SOURCE

- GOP prison statistics

INDICATOR/DESCRIPTION

This indicator will measure the percentage of detainees held in pretrial detention

COMMENTS

Once the management system supported by Spanish aid is effectively functioning we will be able to report on this indicator Presently 65% of the total population is being held on pretrial detention

The Spanish Government is providing assistance to the GOP to improve conditions in the prison system An important element of the assistance is the establishment of an automated data base to track the status of all detainees USAID will make use of data generated by this system to evaluate the efficiency of the criminal court system

YEAR	PLANNED	ACTUAL
1999 Baseline		65%
2000	63	
2001	61	
2002	59	
2003	57	
2004	55	
2005	53	
2006	51	

Performance Data Table

STRATEGIC OBJECTIVE No 2 FAIRER AND FASTER JUSTICE SYSTEMS FACILITATED

APPROVED 00/00/00 COUNTRY/ORGANIZATION USAID/PANAMA

RESULT NAME (IR-3) Criminal court systems functioning more effectively

INDICATOR No 3 2 People convicted of administrative misdemeanors in the metropolitan area who receive alternative to imprisonment as a sentence

UNIT OF MEASURE

- Number convicted of administrative misdemeanor receiving alternative sentences

SOURCE

- Court Records

INDICATOR/DESCRIPTION

This indicator will measure the number of people convicted of administrative misdemeanors in the metropolitan area who receive non-prison punishment

Administrative misdemeanor is defined as an offense consisting of a violation of an administrative rule or regulation punishable by fine bond forfeiture, community service or imprisonment

COMMENTS

There is no caseload management system for administrative misdemeanors USAID will assist in the development of a pilot effort in the metropolitan area districts of Panama, Colon and San Miguelito

YEAR	PLANNED	ACTUAL
1999 Baseline		TBD
2000		
2001		
2002		
2003		
2004		
2005		
2006		

Performance Data Table

STRATEGIC OBJECTIVE No 2 **FAIRER AND FASTER JUSTICE SYSTEMS FACILITATED**

APPROVED 00/00/00 **COUNTRY/ORGANIZATION** **USAID/PANAMA**

RESULT NAME (IR-4) **Improved collaboration between investigators and prosecutors**

INDICATOR No 4 1 **Percent "solved" crimes**

UNIT OF MEASURE

- Percentage of total number of reported crimes for which investigations are completed

SOURCE

- Policia Technica Judicial (PTJ) records

INDICATOR/DESCRIPTION

Technical assistance is aimed at increasing the ratio of completed investigators to reported crimes

COMMENTS

To be provided for next R4

YEAR	PLANNED	ACTUAL
1999 Baseline		TBD
2000		
2001		
2002		
2003		
2004		
2005		
2006		

Performance Data Table

STRATEGIC OBJECTIVE No 2 FAIRER AND FASTER JUSTICE SYSTEMS FACILITATED

APPROVED 00/00/00 COUNTRY/ORGANIZATION USAID/PANAMA

RESULT NAME (IR-4) Improved collaboration between investigators and prosecutors

INDICATOR No 4 2 Plan for institutionalizing training system approved and implemented ACADET

UNIT OF MEASURE	YEAR	PLANNED	ACTUAL
• Plan updated annually	1999 Baseline	No	
SOURCE	2000	Yes	
• PTJ	2001	Yes	
INDICATOR/DESCRIPTION	2002	Yes	
	2003	Yes	
COMMENTS	2004	Yes	
Long-term plan to be approved in 2000 will provide a strategy for institutionalizing a vision for ACADET Annual updates for budget and curriculum provided annually	2005	Yes	
This plan will include Long-term objectives structure course curriculum (basic skills specialized skills and continuing education) permanent staff of trainers and budget sources	2006	Yes	

PART III RESOURCE REQUIREMENTS

Program Resources Required for the Strategy Period

USAID has estimated the program resources required to reasonably ensure the achievement of the Strategic Objectives over the seven-year planning period The attached tables present the details of two options in compliance with the directives of 98 Secstate 153699, which required that the Mission consider high and low options, subject to the availability of funds

The high option is at a level of $4 5 million per year in DA resources that will finance activities required to achieve Strategic Objective #1 Over the seven-year period this totals $31 5 million An additional $2 0 million per year in ESF resources will finance activities designed to achieve Strategic Objective #2, at a seven-year cost of $14 0 million The total for both objectives over the Strategic Plan period for the high option is $45 5 million

The low option envisions a level of $3 5 million in DA resources to finance activities of SO #1 for a total $24 5 million over the planning period SO #2 at the low option, is projected at $1 0 million in ESF resources over the period for a total of $7 0 million The combined total of both objectives over the period is $31 5 million

SO #1

To implement the proposed watershed program we envision the use of expert services from at least two institutional contractors, complemented by technical assistance through PASAs, local contracts, collaboration with PROARCA G-CAP and other mechanisms For the achievement of IR 1 we envision a buy-in to the EPIQ contract for the initial phase of the strategy, with activities winding down in the out years This assistance would be complemented by local contracts for ecological monitoring, PASA technical assistance for selected climate change and institutional development activities, and other mechanisms With respect to IR 2, we have not yet selected a mechanism to serve as a follow-on to our existing natural resources management project that has been complemented by PASA technical assistance We are investigating the use of DCA, PASA mechanisms and local contracts to implement micro-enterprise and agro-forestry activities We will also research the Tropical Forest Act and the debt retirement mechanisms discussed in the Act to determine whether any of them can be used to finance PCW management or protection work We plan to start an NGO grant program to implement IR3 in conjunction with locally sponsored workshops and use of the New Partnership Initiative Support for Global Bureau IQCs may augment these efforts Finally, our local government and private sector program will be implemented through a mix of local contracts, cooperation with G-CAP, and buy-ins to services from the SUM, EPIQ and GreenCom IQCs The crosscutting activities of training and environmental communication will continue the use of IQC mechanisms if Mission funding levels permit

SO #2

A buy-in to an IQC, complemented with local expertise, is initially contemplated for three years, through 2002 An in-depth progress review in 2001 will determine the nature and magnitude of activities beyond 2002 Resources are budgeted, however at similar orders of magnitude, and the final resource mix will be contingent on the results of the review

Impact on SOs if Program funding levels are insufficient

As already indicated, the high option for the seven-year strategy period provides for a total of $45 5 million including $4 5 million per annum in DA and $2 million annually in ESF The low option provides for a total of $31 5 million -- $3 5 million in DA per annum and $1 million annually in ESF

The low option will result in dire consequences for the new ESF-funded AOJ program whose financing would be cut in half from $14 million ($2 million annually) to $7 million ($1 million annually) While the Mission's work in the criminal justice system would be cut not inconsequentially, all other elements of the program would be cut sharply In fact, IR #4 "Improved Collaboration Between Investigators and Prosecutors" embodied in the ICITAP program would be zeroed out This would mean that the country would continue to experience problems in the area of criminal investigations, and the much needed improvements in the PTJ - the equivalent to our FBI – would not take place because no funds would be made available to its training school for investigators (ACADET) The Mission's work to address the root causes of corruption through the development of civil society NGOs/CBOs, work with the media and planned activities to institute alternative dispute resolution mechanisms to settle commercial disputes also would be severely affected That portion of the Mission's AOJ program addressing the criminal courts would be the least affected, the Mission remains most concerned about the large number of individuals, especially the poor, who are in pre-trial detention and those individuals placed in prison for extended periods of time for committing misdemeanors

As for the SO for the PCW, under the low option, moneys for IR #1 "Institutional Arrangements for Effective PCW Management Functioning" and IR #3 "Civil Society Actively Supporting Sustainable Management of the PCW" would be pared consequentially, while funding for IR #2 "Natural Resources in the PCW and Buffer Areas Managed Efficiently" and IR #4 "Local Government and Private Sector Capacity for Management of PCW Increased" would be largely unaffected Although the Mission views all of its IRs under its PCW SO to be of critical importance, we are especially seized by the importance of 1) proper management of protected areas and the introduction of sustainable small producer agro-forestry and agricultural activities within the PCW – areas emphasized in IR #2, and 2) the need for local governments to have in place action plans that are in conformance with the regional land use plan and the introduction of integrated solid waste management plans in the PCW – items addressed through IR #4 If required to fund the PCW at the low option, the Mission will make the lion's share of cuts in both IR #1and IR #3, viewing such cuts as being the least disruptive to its SO, notwithstanding

the significant adverse impact that such cuts would have on environmental monitoring within the PCW

Program Management Requirements Operating Expenses and Staffing

From 1990 to present, USAID/Panama has reduced its total staff from 85 to 51 This has resulted in a reduction from 13 US Direct Hires (USDH) to 2, and a reduction from 4 U S Personal Services Contractors (USPSC) to 1 These steps were taken to adjust to Mission downsizing and reduced Operating Expenses (OE) resources

13 USDH positions to 6 in FY 1994
6 USDH positions to 4 in FY 1996
Controller's Office transferred to USAID/San Salvador in FY 1996 (which resulted in the abolishment of one USDH and five Foreign Service National PSCs)
4 USDH positions to 3 in FY 1997 and
3 USDH positions to 2 in FY 1998

USAID/Panama's proposed program extension to year 2006 will require a period of Mission stabilization to an aggregate staff level of approximately 50 for most of the program's duration OE levels will be held to rock bottom levels by

Staffing

The replacement of one OE-funded USPSC position in FY 2000 with an on board FSN

The replacement of one USDH (SO Team Leader) with a project funded USPSC in FY 1999

The conversion of 7 OE-funded FSNs to project funding

The replacement of one project funded FSN Secretary in the Office of Sustainable Development

Operating Expense Resources Required

A FY 1998 two-step salary increase (revised local Compensation Plan), effective in February 1998 and October 1998, respectively, is being absorbed within current approved funding levels

A possible increase in the cost of FSN Medical and Life Insurance policies to be implemented during FY 1999 and an FSN cost of living salary increase effective o/a November 1999 are remaining variables which will have unforeseen budgetary impact

Other cost-cutting measures already implemented or in process are as follows

Cost allocations of rent/utilities to the projects for office space as an offset to OE This is in addition to the gas, oil and maintenance of project vehicles which are being funded from program accounts

Reduced cost of long distance calls through maximum reliance on the Embassy-leased Media Control Interface (MCI) line to Washington, D C

Holding the line on rental increases for office and residential space

Advance training needs in FY 1999 to accommodate severely reduced OE levels in FY 2000 and beyond

USAID/Panama OE needs should decrease from $1,597,671 in FY 1998 to $1,500,000 in FY 1999 However, USAID/Washington proposed a reduction in FY 2000 to a "nominal" $1 million Even with maximization of program funding of staff per allowable guidelines, we estimate a minimum OE level in FY 2001 of $1 2 million since we will no longer be in closeout mode We are still dealing with support ramifications in a cautious manner to insure minimal increases in OE requirements and minimal disruption to our local employees by refraining for the most part from their termination

Assumptions underlying the above include

Any additional cost due to the International Cooperative Administrative Support Services (ICASS) will be covered completely from USAID/Washington funds to the Mission for FY 2000

FSN cost of living salary increases are 3% per year beginning in FY 1999 (in addition to regular step increases)

Increase in FSN Medical and Life Insurance premiums

Staffing as reflected in the staffing chart

USAID/PANAMA
STRATEGIC PLAN 2000-2006

"ESTIMATED PROGRAM BUDGET"
(High Option)

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	(planning period) TOTAL
SO1 Panama Sustainably Manages the Canal Watershed and Buffer Areas	**4,500,000**	**4,500,000**	**4,500,000**	**4,500,000**	**4,500,000**	**4,500,000**	**4,500,000**	**31,500,000**
IR 1 Institutional arrangements for effective PCW management functioning	1 050 000	750 000	375 000	275 000	275 000	275 000	275 000	3,275,000
IR 2 Natural resources in the PCW and buffer areas managed effectively	720 000	1 550 000	1 400 000	1 500 000	1 500 000	1 500 000	1 500 000	9,670,000
IR 3 Civil Society actively supporting sustainable management of PCW	300 000	300 000	300 000	225 000	225 000	225 000	225 000	1,800,000
IR 4 Local government & private sector capacity for environmental management of PCW increas	300 000	450 000	450 000	500 000	500 000	500 000	500 000	3,200,000
C C Cross Cutting Activities and SDAs	930 000	450 000	975 000	1 000 000	1 000 000	1 000 000	1 000 000	6,355 000
M&S Strategic Objective No 1 (SO1) management and support	1 200 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	7,200,000
SO2 Fairer and Faster Justice Systems Facilitated	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**	**14,000,000**
IR 1 Improved access to justice through civil society	495 000	545 000	495 000	495 000	495 000	445 000	445 000	3,415 000
IR 2 Commercial court systems functioning more effectively	450 000	400 000	550 000	500 000	450 000	450 000	450 000	3,250,000
IR 3 Criminal court systems functioning more effectively	318 500	212 100	205 500	246 200	291 700	334 400	327 000	1,935,400
IR 4 Improved collaboration between investigators and prosecutors	400 000	400 000	400 000	400 000	400 000	400 000	400 000	2,800 000
M&S Strategic Objective No 2 (SO2) management and support	336 500	442 900	349 500	358 800	363 300	370 600	378 000	2,599,600
PROGRAM TOTAL	**6,500,000**	**6,500,000**	**6,500,000**	**6,500,000**	**6,500,000**	**6,500,000**	**6,500,000**	**45,500,000**

USAID/PANAMA
STRATEGIC PLAN 2000 2006

' ESTIMATED PROGRAM BUDGET"
(Low Option)

Alternative A '
(for SO1 only)

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	(planning period) TOTAL
SO1 Panama Sustainably Manages the Canal Watershed and Buffer Areas	3,500,000	4,000,000	3,500,000	3,500,000	3,500 000	3 500,000	3,500,000	25,000,000
IR 1 Institutional arrangements for effective PCW management functioning	825 000	700 000	375 000	200 000	200 000	200 000	200 000	2 700 000
IR 2 Natural resources in the PCW and buffer areas managed effectively	720 000	1 550 000	1 400 000	1 500 000	1 500 000	1 500 000	1 500 000	9,670,000
IR 3 Civil Society activities supporting sustainable management of the PCW	175 000	200 000	200 000	200 000	200 000	200 000	200 000	1,375,000
IR-4 Local government & private sector capacity for environmental management of PCW increased	275 000	450 000	425 000	500 000	500 000	500 000	500 000	3 150 000
C-C Cross Cutting Activities and SDAs	305 000	100 000	100 000	100 000	100 000	100 000	100 000	905,000
M&S Strategic Objective No 1 (SO1) management and support	1 200 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	7,200 000

Assumptions no GrenCom follow-on and sustainable agricultural activities start in 2003

Alternative B
(for SO1 only)

SO1 Panama Sustainably Manages the Canal Watershed and Buffer Areas	3 500 000	4 000,000	3 500 000	3,500 000	3 500,000	3,500,000	3,500 000	25 000,000
IR 1 Institutional arrangements for effective PCW management functioning	825 000	700 000	375 000	200 000	200 000	200 000	200 000	2,700,000
IR 2 Natural resources in the PCW and buffer areas managed effectively	720 000	900 000	1 100 000	1 500 000	1 500 000	1 500 000	1 500 000	8 720,000
IR 3 Civil Society activities supporting sustainable management of the PCW	175 000	200 000	200 000	200 000	200 000	200 000	200 000	1 375 000
IR-4 Local government & private sector capacity for environmental management of PCW increased	275 000	300 000	300 000	500 000	500 000	500 000	500 000	2,875,000
C C Cross Cutting Activities and SDAs	305 000	900 000	525 000	100 000	100 000	100 000	100 000	2 130 000
M&S Strategic Objective No 1 (SO1) management and support	1 200 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	7,200 000

Assumptions 1 5 year GrenCom follow-on and sustainable agricultural activities start in 2003

SO2 Fairer and Faster Justice Systems Facilitated	1 000 000	1 000 000	1 000 000	1,000,000	1,000 000	1 000,000	1,000 000	7,000 000
IR 1 Improved access to justice through civil sector	245 000	210 000	245 000	236 200	240 000	204 400	205 000	1 585 600
IR 2 Commercial court systems functioning more effectively	225 000	190 000	220 000	220 000	205 000	215 000	217 000	1,492,000
IR 3 Criminal court systems functioning more effectively	193 500	157 100	185 500	185 000	191 700	210 000	200 000	1 322,800
M&S Strategic Objective No 2 (SO2) management and support	336 500	442 900	349 500	358 800	363 300	370 600	378 000	2,599,600

Assumptions no IR-4 activities

ANNEXES

GENDER DEVELOPMENT AND INTEGRATION ACTION PLAN

USAID/PANAMA

USAID/PANAMA
GENDER DEVELOPMENT AND INTEGRATION ACTION PLAN

I INTRODUCTION

This annex "Gender Development and Integration Action Plan" constitutes an integral part of USAID/Panama's Strategic Plan

USAID/Panama has recognized the key role of women in development Participation of both genders in development programs is a vital condition for ensuring sustainability The need to take into account issues of equity and social justice led to the incorporation of a gender perspective into the Mission's strategic vision

USAID/Panama's goal is to ensure sustainable management and protection of the Panama Canal Watershed in the framework of reliable commercial and criminal justice systems

II PURPOSE OF THE GENDER ACTION PLAN

1 **Support** achievement of the Mission's Strategic Objectives,

2 **Take** steps to pursue gender issues which must be addressed to ensure positive impacts and end results,

3 **Contribute** to Agency goals on the central developmental role of women in economic and social advancement, and

4 **Contribute** to the achievement of the objectives of the Summit of the America's Plan of Action

III BRIEF PROBLEM DESCRIPTION

Significant advances in the status of women have been observed in the last few years in Panama For example, Panama has made progress in integrating women into leadership roles Rates of women's literacy and fertility are considerably more favorable than in many Latin American countries, but there is still much more to be accomplished Within the processes of formulating policy, adopting instruments of work, and putting into play plans for the conservation and sustainable use of natural resources, the role of women still tends to be marginal

Specifically, attention should be given to the rural/urban areas neighboring the Panama Canal Watershed (PCW) where it is evident that men have more decision-making authority than women Women tend to receive fewer of the financial and other benefits of programs and development efforts Based on current economic and socio-cultural pattern and behaviors, women have less access to formal economic opportunities and have limited access to productive resources To bring about changes that are legitimate and sustainable, a participatory approach is needed, assuring active involvement by the people that will be impacted by these changes

In integrating gender concerns into USAID's proposed actions, the aim is to reach a balance and to seek redress in those areas in which the situation is not equitable

IV IMPLEMENTATION OVERSIGHT

The Mission's WID officer will oversee implementation of the Mission's strategy and workplans as they relate to gender issues The WID officer will take whatever steps are required to ensure the institutionalization of mechanisms, to raise the consciousness of USAID/Panama's concern with gender issues, and to plan, monitor and evaluate Mission activities with respect to WID, notably by calling for an annual meeting of the Mission WID committee to review progress in preparation for the R4 Each IR team will report the extent to which WID issues are incorporated in each of the activities they implement Each IR team, with the active participation of the WID officer, will review activity designs to ensure that WID issues are considered, monitor the progress in incorporating women in the implementation of activities, and influence evaluation of the activities to ensure that the contribution of women are documented The WID officer will periodically report on progress to the Mission Director

V GENDER ACTIONS RELATED TO STRATEGIC OBJECTIVE NO 1

A Intermediate Result No 1 - Institutional Arrangements for Effective Management Functioning

1 Encourage significant roles for both men and women in the Inter-institutional Commission for the Canal Watershed (CICH),

2 Promote involvement of both men and women in the development of laws and policy that correspond to PCW protection by providing training and/or supporting attendance to relevant fora,

3 To the extent that environmental monitoring of the Panama Canal Watershed is filtered to the community level, promote participation of both men and women in the collection of data

B Intermediate Result No 2 - Natural Resources in the PCW and Buffer Areas Managed Effectively

1 Promote and monitor participation by both genders in the design and implementation of development and conservation activities in the protected areas and their buffer zones,

2 Foster participation of both men and women in the creation of partnerships between communities and government to manage natural resources in the PCW,

3 Support the preparation of brief gender analyses of all income-generating activities,

4 Recruit both men and women to sustainable agriculture and forestry activities Examine the issues of land ownership and access to credit that may be obstacles to female participation

C Intermediate Result No 3 - Civil Society Actively Supporting Sustainable Management of PCW

1 Include NGOs with equitable gender representation in seminars that discuss the participation of civil society in the transition and management of the Canal and its Watershed,

2 Promote and monitor the participation of both men and women in NGOs and CBOs that work on community development in the PCW,

3 Support the "Asamblea de la Sociedad Civil" in its work to bring together organizations that have equitable gender representation under one umbrella,

4 Gender participation will be measured in USAID-supported NGO activities by
- Monitoring the percent of board members that are women/men
- Monitoring the percent of project participants that are women/men

D Intermediate Result No 4 - Local Government and Private Sector Capacity for Environmental Management in PCW and Buffer Areas Increased

1 Foster the involvement of both men and women in decision-making processes at the local level, engaging both municipalities and the private sector

2 Promote the involvement of CBOs that have equitable gender representation in the development and implementation of local land-use plans and the provision of environmental services

3 Include a gender perspective in the conduction of advocacy and public education activities for the control of pollution along the Trans-Isthmian Corridor

4 Foster the participation of women in integrated solid waste management activities in selected communities in the Trans-Isthmian Corridor

E Crosscutting Issues

1 GreenCOM Weave a gender perspective into promotional and public education campaigns regarding the protection of the Panama Canal watershed,

2 Training Design training programs and workshops to respond to concerns of both genders, and seek an equal level of participation of men and women

VI GENDER ACTIONS RELATED TO STRATEGIC OBJECTIVE NO 2

A Intermediate Result No 1 – Improved access to justice and increased public pressure for justice sector reform

1 Support NGOs that provide legal services for women,

2 Support and promote popular legal education campaigns related to

- existing laws,
- changes in the law,
- access to the system, and
- other activities that aim at protection of human rights and women's rights, i e , campaigns regarding land ownership, and

3 Support programs that will facilitate more experienced NGOs in the mentoring of weaker NGOs, CBOs, and other organizations interested in promoting administration of justice

B Intermediate Result No 3 – Criminal Court Systems Functioning more Effectively

1 Monitor the impact of alternative sentencing on women

VII DISAGGREGATION OF DATA

All study data collected, especially demographic data, will be disaggregated by gender whenever feasible within the constraints of limited resources Records of participation in USAID-funded activities will be gender-sorted Finally, performance monitoring, such as gauging level of satisfaction of participants in training or educational programs, will disaggregate the data by gender This will inform us how and if men and women are affected differently by USAID interventions The Mission will procure information and support from LAC Bureau and Global/WID Office

ANNEX 2

TROPICAL FORESTS AND BIODIVERSITY
USAID/PANAMA

Tropical Forests and Biodiversity

Sections 118 and 119 of the Foreign Assistance Act require that USAID strategy documents include analyses of (1) the actions necessary to achieve conservation and sustainable management of tropical forests and conservation of biological diversity, and (2) the extent to which proposed Mission actions for support meet the identified needs

The situation in Panama with respect to tropical deforestation and biological diversity is still critical Panama contains over 900 species of birds-more than the United States and Canada combined, more species of mammals and amphibians than any other Central American nation, over 10,000 species of plants and trees, and more than 1,250 species of plants and animals that exist nowhere else on Earth Smaller in square miles than South Carolina, Panama is an isthmus of biodiversity However, growing human population pressures and urbanization, burdened by pressures of tremendous foreign debts and increasing demands on the natural resource base threaten the array of natural habitants about promotes this biodiversity Scientists estimate that over 50,000 acres of forest in Panama are destroyed each year

USAID/Panama's environmental strategic objective is to ensure the sustainable management of the Panama Canal Watershed (PCW) and buffer areas USAID's program in the PCW, in collaboration with other donors that are not PCW-focussed (IDB, World Bank), is providing assistance for conservation and management of tropical biodiversity at a national level The USAID assistance package specifically seeks to strengthen those institutions and policies that guide the management of tropical forests and biodiversity, both in the PCW and nationwide The USAID focus on the watershed is generating the potential for the PCW to serve as a model for the implementation of best management practices in other areas The Mission's leadership role in natural resource management continues to stimulate environmentally sound policy making within the GOP

Under the proposed strategy , USAID/Panama, with development partners, will continue to address the issues described in the following tables The tables summarize the actions necessary for proper management and conservation in Panama, along with a brief description of USAID contributions to these goals under the Panama Canal Watershed Strategic Objective (SO)

TROPICAL FORESTS	
Actions Necessary	**Related USAID Actions**
1 Improved GOP regulations, policies and procedures to support institutional arrangements for natural parks and protected area management	
1 a Improved policies and institutional arrangements/structures	1 a USAID support under I R -1 and I R -2 will contribute to this goal
1 b Execution of adopted forestry policies	1 b I R -1 seeks to monitor and foster improved policy execution I R -2 seeks to stimulate on-the-ground activities to execute sound forest policies
1 c Determination of proper use of protected areas	1 c I R -2 works with the GOP and the private sector on such policies
1 d Management of mangrove forests and coastal marine reserves	1 d USAID support via PROARCA will contribute to protection and conservation of marine reserves in the Bocas del Toro area I R -2 will also lend support to natural coastal areas in the Inter-Oceanic Region
2 Improved Awareness of and interest in forest reserves and protected area management	
2 a Educational/promotional campaigns	2 a All I R s work in PCW environmental education activities via GreenCom initiative
2 b Training at technical and academic levels	2 b Short-term technical training opportunities (in-country and in the U S) supported by all I Rs via CLASP-II project and individual activities Academic training support by CASS program
2 c Improved participation of the rural inhabitants in the management and benefits of the forest and protected areas	2 c All I Rs support the participation of PCW stakeholders to explore various options of participation

TROPICAL FORESTS (Cont)	
3 Improved Panamanian ongoing activities	
3 a Development and implementation of long-term forestry and protected area management plan (as part of the broaden National Environmental Plan)	3 a Pursuant to Law 41, USAID supports the development of the GOP National Environmental Plan (through I R-2) in relation to the PCW
3 b Forest protection (existing forests)	3 b I R-2 supports PCW forest protection/fire detection-control activities
3 c Reforestation	3 c I R-1 and I R-2 will continue to promote and monitor PCW reforestation as part of its sustainable forest management work Also, support from I R -1 at the Special Objective (ANDE Foundation) to advance Forest Incentive Law
3 d Management of forest watersheds, reduction of slash-and-burn agriculture	3 d All I Rs will continue to work with PCW management initiatives
3 e Proper agricultural development on forest lands, including reserve buffer zones	3 e Support to be provided by I R -1 and I R -2

BIOLOGICAL DIVERSITY	
Actions Necessary	**Related USAID Actions**
1 Improved GOP regulations, policies and procedures to support institutional arrangements for forest reserve and protected area management	
1 a Development of the National Protected Areas System (SINAP) strategy for effective conservation and management of priority areas of the country	1 a I R -1 and I R -2 supports activities in the PCW to improve management in 5 priority protected areas
2 Increased awareness of and interest in biological diversity	
2 a Educational for the public	2 a All I R s support consensus building on environmental education via GreenCom initiative
2 b Training at technical and academic levels	2 b Short-term training opportunities (in-country and in the U S) are supported by all I Rs via CLASP-II project and individual activities Academic training support by CASS program
3 Improved Panamanian ongoing activities	
3 a Sustainable management of protected areas and biodiversity	2 a USAID activity supports the management of PCW provided PCW under I R -2 PROARCA supports the Central American Protected Areas System, including key territorial coastal zones in Panama
3 b Sustainable agricultural practices in watershed and buffer areas (i e , reduction of slash-and-burn agriculture) disseminated	3 b USAID activities support small-producer agroforestry under I R -2
3 c Enhanced monitoring and evaluation of biodiversity management	3 c PCW monitoring and evaluation program is supported by I R -1

BIOLOGICAL DIVERSITY (Cont)	
Actions Necessary	**Related USAID Actions**
3 Improved Panamanian ongoing activities	
3 e Environmentally-sound tourism development	3 e I R -2 and I R -3 supports PCW NGOs that consider ecotourism in their management plans

PRELIMINARY CLIMATE CHANGE ACTION PLAN

USAID/PANAMA

Preliminary Climate Change Action Plan[1]

1 INTRODUCTION

1 1 USAID's Climate Change Initiative

USAID's Climate Change Initiative aims at reducing the threat posed by global climate change To achieve this objective, the initiative pursues four high-level intermediate results 1) increased participation in the framework convention on climate change, 2) reduced greenhouse gas emissions from the land-use/forest management sector, 3) reduced emissions from the energy sector, industry and urban areas, and 4) reduced vulnerability to the threats posed by climate change Central America is a key climate-change region under the Initiative By being in the region, Panama qualifies for special attention within the Agency's emerging climate change portfolio

This annex synthesizes how the following proposed activities will support the agency's Climate Change Initiative within the context of the USAID/Panama's proposed Strategic Objective 1, "Panama Sustainably Manages the Canal Watershed and Buffer Areas"

1 2 Windows of opportunity

Several current developments create opportunities for strategic climate change interventions for USAID/Panama First, the Panama Canal Watershed (PCW) has been the focus of a three-year USAID-funded environmental monitoring program undertaken through a grant to the Smithsonian Tropical Research Institute This exercise has yielded a substantial body of detailed baseline data, a prerequisite in the formulation of carbon sink projects Information from this project has already served as the basis for a feasibility study for a carbon sequestration project in the PCW

Second, Panama's National Environmental Authority (ANAM), private sector institutions and NGOs are in the process of creating the legal and institutional framework to enable the country's participation in the Clean Development Mechanism (CDM)[2] The model under consideration encompasses features of the Guatemalan and Costa Rican "joint implementation offices," but contains elements that make it innovative and more viable

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[1] USAID/Panama's Climate Change Action Plan was initially developed by USAID/Central American Program s Regional Climate Change Advisor with later modifications by the USAID/Panama Climate Change Team The Plan is a result of consultations with Panamanian stakeholders (government and NGOs) U S -based climate change experts and USAID/Washington staff

[2] The Clean Development Mechanism will be the legal and institutional framework under which entities in countries that have assumed emissions reductions commitments (Annex B countries) will collaborate with entities in developing countries (non-annex countries) to reduce green house gas emissions

Third, in the last two conferences of the parties (COP 4 and COP 5) to the United Nations Framework Convention on Climate Change (UNFCCC), Panama assumed a posture that is closer to that of the United States' than that of most other developing countries For example, whereas most Latin American nations refrained from participating in any dialogue addressing voluntary emission caps[3] for developing countries, Panama chose to participate in the meetings addressing this thorny issue, and lobbied other Latin American nations to do the same

Fourth, the development of a legal and institutional structure to enable Panama to participate effectively in the CDM is taking place concomitantly with efforts within the United States to foster early emissions reduction actions by U S companies[4], and the privatization of Panama's energy sector These two developments are likely to increase the demand for emissions offsetting activities in Panama

Fifth, the lingering issues of the "bunker fuel" and "flagging" issues (what country will be assigned responsibility for carbon emissions from fuels burned by ships on the high seas) in the Framework Convention on Climate Change could present a major opportunity for Panama to identify carbon offsets With a strong banking system, a possibility is the creation of a carbon offset fund that could finance natural resource management projects in Panama and specifically in the Panama Canal Watershed (the impetus for the shipping traffic and hence the potential investment)

2 APPROACH

Under USAID/Panama's strategy, explicit contributions will be made to the Climate Change Initiative's Intermediate Result 1 (Increased Participation in the UNFCCC), Intermediate Result 2 (Reduced Greenhouse Gas Emissions from the Land-use/Forest Management Sector), and Intermediate Result 4 (Reduced Vulnerability to the Threats Posed by Climate Change) These contributions will be made within the structure of USAID/Panama's Strategic Objective 1 and organized into the following four elements (the IRs in parentheses show how each element relates to USAID's Climate Change Initiative)

1) Assist in the establishment of the necessary institutional and regulatory framework for participation of Panama in the UNFCCC (IR1)
2) Develop tools for improving the participation of Panama in the UNFCCC (IR1)
3) Assist Panama prepare National Communications in compliance with the UNFCCC (IR1, IR4)
4) Improve overall watershed management (IR2, IR4)

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[3] Voluntary emission caps could hinder the economic development of developing countries Yet without such voluntary commitments from developing countries the U S has expressed reservations about ratifying the Kyoto Protocol

[4] Incentives for early actions in reducing greenhouse gas emissions was a theme mentioned by President Clinton in the 1999 State of the Union Address These forthcoming national level efforts will complement incentives on the state and local level

2 1 *Assist in the establishment the necessary institutional and regulatory framework for participation of Panama in the UNFCCC*

USAID/Panama views conservation financing as a critical element in achieving its Intermediate Result 1 (Institutional Arrangements for Effective Management Functioning) of its PCW Strategic Objective The Mission believes that participation in evolving mechanisms for emissions reduction, such as the proposed CDM, constitutes a viable conservation financing mechanism The recent development of a pre-feasibility study for private-sector-financed carbon sequestration projects within the PCW attests to the level of interest of the private sector in CDM projects in the watershed

In order to participate effectively in a future CDM, Panama is in the process of setting up the necessary institutional and regulatory structure As currently envisioned, this effort will result in the creation of a privately funded foundation (Fundación Panameña de Servicios Ambientales -FUPASA) and an associated "office" responsible for certifying, at the national level, jointly implemented activities aimed at reducing net greenhouse gas emissions The office will have the authority, granted to it by the Government of Panama (GOP), to certify activities for participation in a future CDM

To capitalize on this emerging conservation-financing opportunity, USAID/Panama proposes to assist the country establish the necessary institutional and regulatory framework to foster Panama's participation in the emerging market for carbon sequestration services To this effect, USAID/Panama will join forces with USAID/G-CAP Illustrative activities contemplated under this rubric include the provision of technical assistance to establish operational procedures for FUPASA, technical assistance to develop Global Climate Change regulations under the Environmental Law, capacity building in carbon sequestration project development and certification, and the promotion of Panama as a provider of carbon sequestration services

2 2 *Develop tools for improving the participation of Panama in the UNFCCC*

The lack of acceptable tools to estimate the effects of land-use interventions on carbon sequestration is a powerful argument against the inclusion of these activities in the proposed CDM[5] If this deficiency is not resolved in the near future, the inclusion of forestry-based carbon sequestration projects under the mechanism may be barred or seriously curtailed Thus, contributions to address this technological gap would contribute not only to foster Panama's participation in the CDM but also those of other Latin American countries

As indicated above, the Panama Canal Watershed has been the subject of an intensive USAID-supported environmental monitoring program This effort yielded a substantial data base on

[5] Emissions reduction or carbon sequestration projects vying for certification by international entities must show that it will result in a net reduction of emissions as compared to the "business-as-usual" scenario

biophysical variables that enables the elaboration of land-use models capable of projecting the consequences of conservation interventions -or lack thereof- on carbon sequestration in tropical forest systems Thus Panama represents an outstanding opportunity to combine already existing information with state-of-the-art modeling techniques to establish the consequences of land-use interventions on carbon sequestration

A similar confluence of interests makes Panama a prime candidate for development of techniques to forecast long-term carbon emissions levels Such a forecast is a prerequisite to the voluntary commitments by developing countries on emissions caps Panama's willingness to engage in a dialogue addressing voluntary emissions reduction commitments makes it a perfect place to develop a methodology to predict where Panama will end up on the emission curve as it reaches the development stage of an Annex 1 country

Accordingly, provided adequate support is provided by USAID/G-CAP and/or USAID/W, USAID/Panama will contribute to the development of models that 1) help establish the consequences of land-use interventions on carbon sequestration and 2) predict Panama's carbon emission level as it reaches the development stage of an Annex 1 country These tools would strengthen Panama's capacity to participate in the evolving carbon market, strengthen the position of those nations arguing for the inclusion of land-use and forestry projects in the CDM, and promote dialogue on voluntary commitments for developing countries

2 3 Assist Panama prepare National Communications in compliance with the UNFCCC

Participation in the UNFCCC requires that each signatory prepare "National Communications" to submit to the UNFCCC The first Communication involves an emissions inventory as well as initial identification of areas that are vulnerable to climate change Whereas this first stage is being funded by the World Bank's Global Environment Facility, and will identify water supply as a prime area of vulnerability, USAID/Panama see an appropriate role to give technical support to estimate the vulnerability of the PCW water supply to climate change Such activities would directly support improved management for the PCW (this proposed strategic plan cites the establishment of predictive tools for the PCW as an illustrative approach), support participation in the UNFCCC, and reduce vulnerability posed by threats to climate change (IRs 1 and 4 of the Agency's Climate Change Initiative)

2 4 Improve overall watershed management

Finally, improved management of the Panama Canal's watershed is the focus of USAID/Panama's Strategic Objective 1 As described in the main body of the strategy, USAID/Panama will effect positive changes in the legal and institutional framework, protected area conservation, and environmentally sound job creation within the PCW Successful interventions in these arenas will reduce the loss of carbon sinks outside protected areas, and prevent carbon leakage from protected areas As such all the activities proposed for Strategic Objective 1 will reduce greenhouse gas emissions from the land-use/forest management sector and reduce vulnerability posed by threats to climate change

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SUBJECT REVIEW OF USAID/PANAMA R4 -- MANAGEMENT CONTRACT

1 SUMMARY THE DAEC REVIEW OF USAID/PANAMA'S RESULTS REVIEW AND RESOURCE REQUEST (R4) WAS HELD ON JUNE 24, 1998, AND WAS CHAIRED BY AA/LAC MARK SCHNEIDER USAID/PANAMA WAS REPRESENTED BY MISSION DIRECTOR, LARS KLASSEN, PROJECT DEVELOPMENT OFFICER ROBERT HELLYER, AND PROGRAM SPECIALIST JOSLYN FEARON THE MEETING WAS ALSO ATTENDED BY REPRESENTATIVES OF STATE/ARA, M, G, AND ALL APPROPRIATE LAC BUREAU OFFICES THE AA CONGRATULATED THE MISSION ON THEIR R4 SUBMISSION THE DAEC APPROVED THE R4, INCLUDING THE REVISIONS MADE IN THE RESULTS FRAMEWORKS OF STRATEGIC OBJECTIVE (SO) ONE, "IMPROVEMENT IN THE INSTITUTIONAL CAPACITY TO MANAGE AND PROTECT THE PANAMA CANAL WATERSHED " THE DAEC ALSO SUPPORTED THE MISSION'S PLAN TO DEVELOP A SPECIAL OBJECTIVE THAT ADDRESSES CONSTRAINTS IN THE JUSTICE SECTOR THE JUNE 24, 1998, DAEC ISSUES PAPER (INFORMATION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, LAC) IS BEING FORWARDED SEPARATELY TO THE MISSION THE ISSUES PAPER CONTAINS A NUMBER OF RESOLVED ISSUES AND CLARIFICATIONS OBTAINED PRIOR TO THE DAEC REVIEW AND CONSTITUTES PART OF THE RECORD OF THIS MANAGEMENT CONTRACT

2 IN RESPONSE TO LAST YEAR'S R4 GUIDANCE AND SUBSEQUENT GUIDANCE (98 STATE 62911) FOLLOWING AID/W REVIEW OF AN EARLIER DRAFT OF THE MISSION'S STRATEGIC OBJECTIVE CONCERNING THE ENVIRONMENTAL MANAGEMENT AND PROTECTION OF THE PANAMA CANAL WATERSHED (PCW), THE MISSION HAS REVISED ITS PCW SO, RE-FOCUSSING IT ON THE INSTITUTIONAL STRENGTHENING OF ORGANIZATIONS WORKING IN THE PANAMA CANAL

WATERSHED FOLLOWING THE TECHNICAL REVIEW TEAM'S RECOMMENDATION THE DAEC APPROVED THE REVISED RESULTS FRAMEWORK OF USAID/PANAMA'S STRATEGIC OBJECTIVE, IMPROVEMENT IN THE INSTITUTIONAL CAPACITY TO MANAGE AND PROTECT THE PANAMA CANAL WATERSHED

3 THE DAEC ADVISED THE MISSION TO SUSPEND CONTINGENCY PLANNING EFFORTS FOR CLOSING OUT THE PANAMA PROGRAM, PER EARLIER GUIDANCE THE BUREAU RECOMMENDED TO THE ADMINISTRATOR TO APPROVE THE SECRETARY'S REQUEST TO RECONSIDER THE DECISION TO CLOSE THE USAID MISSION IN PANAMA BECAUSE OF KEY FOREIGN POLICY CONSIDERATIONS IN HIS JULY 30, 1998, LETTER TO THE SECRETARY OF STATE, THE ADMINISTRATOR INFORMED HER OF USAID'S PLAN TO KEEP THE PANAMA MISSION OPEN BEYOND THE YEAR 2000

4 THE MISSION IS ADVISED, THEREFORE, TO BEGIN DEVELOPMENT OF A STRATEGIC PLAN FOR CONTINUED ASSISTANCE TO PANAMA BEYOND 2000 THE DAEC ADVISED THE MISSION TO A) RETAIN ITS FOCUS ON THE ENVIRONMENTAL MANAGEMENT AND PROTECTION OF THE PANAMA CANAL WATERSHED, B) INCORPORATE A RENEWED EMPHASIS IN THE ADMINISTRATION OF JUSTICE AREA, AND, C) PROPOSE A PROGRAM THAT FACILITATES THE OPERATIONS OF THE PANAMA CANAL AND THE OPTIMAL USE OF THE REVERTED U S OWNED PROPERTIES THIS FOCUS WILL INCORPORATE CIVIL SOCIETY AND THE NON-GOVERNMENT ORGANIZATIONS (NGOS) COMMUNITY

5 IN THE STRATEGIC PLAN, THE MISSION WILL PROPOSE CLOSE-OUT DATES FOR EACH OF ITS SOS AND SPOS GIVEN THE BUREAU AND AGENCY'S EXTREMELY DIFFICULT OE SITUATION, THE STRATEGY SHOULD DISCUSS MANAGEMENT OPTIONS THAT WOULD MAXIMIZE DEVELOPMENT IMPACT WITHIN O E AND USDH PARAMETERS FOR FY 1999, THE OE LEVELS WILL NOT EXCEED $1 5 MILLION AND THE USDH LEVEL WILL BE REDUCED FROM THREE TO TWO DURING THE STRATEGY PERIOD, O E SHOULD NOT EXCEED $1 0 MILLION (NOMINAL TERMS) AND USDH STAFFING WOULD REMAIN AT TWO ON THE PROGRAM SIDE, TWO OPTIONS ARE PROVIDED FOR STRATEGY DEVELOPMENT PURPOSES HIGH OPTION $6 5 MILLION PER YEAR ($2 0 MILLION IN ESF AND $4 5 MILLION IN DA), LOW OPTION $4 5 MILLION DOLLARS PER YEAR ($1 0 MILLION IN ESF AND $3 5 MILLION IN DA)

6 STRATEGY DEVELOPMENT WILL BEGIN ASAP WITH AID/W REVIEW SCHEDULED TO TAKE PLACE NO LATER THAN FEBRUARY 1999, AID/W WILL ASSIST THE MISSION IN PREPARING ITS STRATEGIC PLAN, AS NEEDED AND WITHIN OE/STAFF LIMITS
USAID/PANAMA 1998 R4 DAEC CABLE/MANAGEMENT CONTRACT ALBRIGHT

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