

**AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT**



**ANNUAL BUDGET SUBMISSION  
FY 1979**

**USAID PANAMA  
PART I**

**DEPARTMENT  
OF  
STATE**

JUNE 1977



FY 1979 Annual Budget Submission

Panama

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Country: Panama

Table I  
Long Range Program Plan

(\$ thousands)

	<u>1978</u>	<u>1979</u> <u>Request</u>	<u>Planning Period</u>			
			<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Food/Nutrition						
Grants	660	715	675	600	350	200
Loans	22,500	20,000	41,000	18,000	20,000	20,000
Population						
Grants	468	495	510	528	546	563
Loans						
Health						
Grants	50	50	75	100	50	50
Loans				10,000		
Education						
Grants	501	505	475	400	350	350
Loans				5,000		
Selected Development Activities						
Grants	100	100	100	100	100	100
Loans						
Total Functional Accounts						
Grants	1,779	1,865	1,835	1,728	1,396	1,263
Loans	22,500	20,000	41,000	33,000	20,000	20,000
PL 480 Title II (Commodities only)	1,960	1,955	1,726	1,413	1,004	1,004
Housing Investment Guaranties	3,500	10,000		10,000	10,000	

PANAMA

## TABLE I A

## Illustrative Loan and Housing Investment Guarantee Program\*

(FYs 78 - 83)

<u>FY</u>	<u>TITLE</u>	<u>\$Million</u>
78	Integrated Rural Development II	10.0
	Growth and Service Center Dev. I	12.5
	Housing Investment Guarantee (HIG)	3.5 **
79	Watershed Management I	10.0
	Access Roads I	10.0
	Slum Upgrading and Home Improvement II (HIG)	10.0
80	Rural Cooperative Development II	8.0
	Marketing Systems II	8.0
	Agricultural Research - Network Delivery System	10.0
	Integrated Rural Development II	15.0
81	Technical Education Development	5.0
	Rural Health Delivery System II	10.0
	Growth and Service Center Dev. II	18.0
	Slums Upgrading and Home Imp. III (HIG)	10.0
82	Integrated Rural Development IV	10.0
	Technical Vocational Agriculture Dev.	10.0
	Slum Upgrading and Home Imp. IV (HIG)	10.0
83	Watershed Management II	10.0
	Access Roads II	10.0

\*The above list and levels were informally developed with the Government of Panama for FYs 78 - 83, provided that AID funding is available and that more detailed analysis justifies AID investment.

\*\* This HIG is an element of the Growth and Service Center Development I project.

Country: Panama

Table II  
Funding Levels for FY 1977, FY 1978, FY 1979  
 (in \$000)

	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>
Food/Nutrition			
Grants	200	660	715
Loans	10,000	22,500	20,000
Population/Health			
Grants	505	518	545
Loans			
(Population)			
(Grants)	(455)	(468)	(495)
(Loans)			
(Health)			
(Grants)	(50)	(50)	(50)
(Loans)			
Education			
Grants	503	501	505
Loans	2,500		
Selected Development Activities			
Grants	200	100	100
Loans			
Sub-Total			
Grants	1,408	1,779	1,865
Loans	12,500	22,500	20,000
PL 480 Title II	1,012	1,960	1,955
(FY 77 - actual calls forward FY 78 7 79 commodities only)			
Housing Investment Guarantees	18,400	3,500	10,000

AGENCY FOR INTERNATIONAL DEVELOPMENT				1. TRANSACTION CODE			2. ABS/CP			
ABS/CP SUMMARY - TABLE III				A			DOCUMENT CODE 6			
3. COUNTRY/ENTITY		4. DOCUMENT REVISION NO.		5. OPERATIONAL YEAR FY		6. BUREAU/OFFICE		7. GEOGRAPHIC CODE		
PANAMA				78		LA		[05] [525]		
8. TYPE DATA				9. TYPE ASSISTANCE						
1				1						
1 = ABS 3 = CP				1 = PROJECT 2 = PROGRAM						
10. PROJECT SEQ. - UENCE NO.	11. PROJECT TITLE (40 CHARACTERS MAXIMUM)	12. OTR. FOR. OBLIG.	13. EST. FY. AUTH. OBLIG. FINAL	14. APPRO. PRIA-TION	15. PRIMARY PURPOSE CODE	16. LOAN/GRANT INDICATOR	17. BUDGETS (IN \$ 000)			
							AY	OY	BY	LOP
	<u>Food &amp; Nutrition</u>									
0180	Applied Agr. Res.	3	81	FN	211	GC		300	200	900
0183	Integrated Rural Dev. I		77	FN	200	L	10,000			10,000
0185	Growth & Service Center Dev. I	3	78	FN	263	L		12,500		12,500
0186	Integ. Rural Dev. II	4	78	FN	200	L		10,000		10,000
0187	Technical Support	1	83	FN	199	GC	200	300	425	3,007
0191	Watershed Management I		79	FN	233	L			10,000	10,000
0192	Access Roads I		79	FN	220	L			10,000	10,000
0195	Rural Nut/Food PR. (OPG)	3	80	FN	324	GN		60	90	200
	<u>Population Planning</u>									
0142	Population	2	83	PH	400	GC	455	468	495	7,919
	<u>Health</u>									
0188	Technical Support	1	83	H	599	GC	50	50	50	593
	<u>Education &amp; Human Resources</u>									
0164	Training for Dev.	2	83	EH	601	GC	341	293	300	3,045
0177	Non-Formal Educ. (OPG)	2	78	EH	613	GC	112	38		828
0179	Edu. Sector (Add-On)		77	EH	600	L	2,500			2,500
0189	Technical Support	1	83	EH	699	GC	50	50	75	648
0196	Womens Skills-Day Care (OPG)	2	78	EH	601	GN		50		50
0197	Community Dev. (OPG)	3	79	EH	699	GN		40	60	100
0198	Training Rural Youth-FFP (OPG)	4	80	EH	601	GN		30	40	100
0199	Community Dev. - Indian Areas (OPG)		80	EH	613	GN			30	50
	<u>Selected Dev. Probs.</u>									
0101	Special Dev. Acts.	1	83	SD	700	GC	50	50	50	858
0190	Technical Support	1	83	SD	799	GC	150	50	50	702
* A \$3.5 million HIG for FY 1978 is an additional element of this project.						18. DATE DOCUMENT RECEIVED IN AID/W				
						MM DD YY				

## Project Narrative Statement

Grant Project Data - FY 79 Funding

<u>Project No./Title</u>	<u>Remarks</u>
0180 - Applied Agricultural Research	Short term advisory services (30 w/m) in entomology, plant pathology, agricultural engineering, soil fertility and nematology research. Participants will receive 20 months of training in agricultural research. Funds for commodities (\$25,000) and other costs (\$20,000) will equip the new research facilities and permit participation in scientific meetings in Seminars. PP will be submitted in June 1978.
0187 - Technical Support - Food and Nutrition	<p>Project Development and Support costs for ongoing and projected loan activities in the sector. Illustrative list follows:</p> <p>a) <u>Watershed Management I</u>: 20 w/m</p> <p>Agricultural Engineer  Meteologist  Soils Classification Expert  Reforestation Consultant  Soil and Water Management Consultant  Forestry Resources Advisor</p> <p>b) <u>Access Roads I</u>: 6 W/M</p> <p>Transportation Economist  Regional Planner</p> <p>c) <u>Marketing II</u>: 14 w/m</p> <p>Agro-Industry Consultant  Marketing Economist - Perishables  Marketing Planner - Perishables  Marine Transportation Consultant</p> <p>d) <u>Cooperatives II</u>: 14 w/m</p> <p>Cooperative Development Advisor  Credit Advisor  Cooperative Marketing Planner  Agro-Industry Advisor</p>

e) Agricultural Research -  
Network Delivery System - 9 w/m

Agricultural Information Expert  
 Data Systems Consultant  
 Agricultural Research Management Advisor

f) Core Planning and Other Costs Support

Agricultural Planner	)	
Development Planner	)	
Physical Planner	)	15 w/m
Miscellaneous Services	)	
including those required	)	
for evaluations	)	
Regional Planner	)	
Baseline data collection		\$ 40,000
Invitational Travel		\$ 15,000
Supplies and commodities		\$ 5,000

0142 Population

Support to family planning services and facilities with health staff training (in-country and overseas) \$80,000, mass media motivation programs \$100,000, clinical services and training centers (including support for voluntary surgical contraception) \$215,000 and \$95,000 for centrally procured contraceptives.

Based on the results of a comprehensive evaluation of the project scheduled for the Fall of 1977, Mission will request that project life be extended.

0188 - Health Sector -  
 Technical Support

Short term consultants in systems engineering, health management, applied nutrition and supply management logistics \$36,000 (9 w/m) and invitational travel \$14,000 to assist in program design, implementation and evaluation.

0164 - Training for  
 Development

Overseas participant training \$250,000 ( 200 months of short and long term), in-country training support \$40,000 and institutional materials and equipment \$10,000. An evaluation scheduled for the Fall of 1977 will recommend the future directions for training a professional cadre of administrators, managers and technicians with a key role in public sector development planning and implementation.

- 0189 - Technical Support -  
Education Sector
- Short term consultants \$33,000 training and invitational travel \$15,000 and other cost support \$2000 to assist in improving program design, implementation and evaluation of human resource development activities.
- 0190 - Section 106 -  
Technical Support
- Short term consultants to assist in the preparation of economic analyses, specialized studies and project design and evaluation \$35,000. Other cost support, provides funds for the collection of baseline data and invitational travel \$15,000.
- 0101 - Special Development  
Activities
- Support to small self-help projects (\$50,000).

Project Narrative Statement  
Deviations in Estimated FY 78 Funding from FY 78 CP

<u>Project No./Title</u>	<u>FY 78 CP</u> (\$ thousands)	<u>FY 78 Revised Estimate</u>	<u>Remarks</u>
0142-Population	631	468	Based on review of condom and oral contraceptive requirements by Center for Disease Control consultant in May 1977, projected supply requirements have been revised downward during the planning period. See tables and methodological analysis in Section 6 of the ABS. Country level exclusive of centrally procured contraceptives is \$400,000.
0187-Technical Support- Food/Nutrition	200	300	Proposed Growth and Services Centers (URBE) activity (525-0185) loan was moved in the FY 78 CP from Section 106 to Food and Nutrition appropriation. Project Development requirements will be funded starting in FY 78 under project 0187, with an offsetting reduction under project 0190.
0190-Technical Support - Section 106	150	50	See comment under project 0187.

TABLE V - FY 1979 PROPOSED PROGRAM RANKING

RANK	DECISION UNIT PANAMA	DECISION PACKAGES/PROGRAM ACTIVITY/SUPPORT ITEM	REVISOR	REVISION		REVISION		REVISION		PROGRAM FUNDING (000)	CUMULATIVE PROGRAM FUNDING (000)		
				APPROPRIATION ACCT	CUMULATIVE OPERATING EXPENSES (000)	US	FN	US	FN			INCREMENT	CUMULATIVE
		<u>Decision Package - Minimum:</u>											
		Workforce and Operating Expenses (Assuming no FY 79 Obligations)											
1		0191 Watershed Management I (L)	F/N	2,276	20	45	20	45	45	-	-		
2		0192 Access Roads I (L)	F/N	3,004	1	-	21	45	45	8,000	8,000		
3		0164 Training for Development (GO)	EHR		-	1	22	46	46	8,000	16,000		
4		0142 Population (GO)	P		-	1	22	47	47	225	16,225		
5		0180 Applied Agricultural Research (GO)	F/N		1	1	22	48	48	295	16,520		
6		0187 Technical Support - Food & Nutrition (GO)	F/N		-	-	23	49	49	200	16,720		
7		0188 Technical Support - Health (GO)	H		-	-	23	49	49	325	17,045		
8		0189 Technical Support - Education & HR (GO)	EHR		-	-	23	49	49	25	17,070		
9		0190 Technical Support - Section 106 (GO)	SDA		-	-	23	49	49	25	17,095		
10		0101 Special Dev. Activities (GO)	SDA		-	-	23	49	49	25	17,120		
11		PL 480 Title II			-	-	23	49	49	1,300	17,145		
12		Housing Investment Guaranty			1	1	24	49	49	5,000	18,445		
		Workforce Increment: Director's Office			1	1	25	50	50				
		Workforce Increment: Program Office			2	2	27	52	52				
		Workforce Increment: Loan Office			2	2	29	55	55				
		Workforce Increment: Financial Management			3	3	29	55	55				
		Workforce Increment: Administration			1	1	30	56	56				
		Workforce Increment: Commodity Management											

TABLE V - FY 1979 PROPOSED PROGRAM RANKING

RANK	DECISION UNIT PANAMA	DECISION BY	CONSOLIDATED BY	DECISION PACKAGES/PROGRAM ACTIVITY/SUPPORT ITEM		CUMULA- TION OPERATING EXPENSES (000) *		RESOURCE REQUIREMENTS				PROGRAM FUNDING (000)					
				DESCRIPTION	APPROPRIATION ACCT	US	FN	US	FN	US	FN	INCREMENT	CUMULATIVE	INCREMENT	CUMULATIVE		
																WORKFORCE (BY GRADE) *	
																US	FN
				Decision Package - Current:		3122											
13				0164 Training for Development (GO)	EHR			30		56							
14				0142 Population (GO)	P			30		56		75		23,520			
15				Housing Investment Guaranty				30		56		200		23,720			
16				0187 Technical Support - Food & Nutrition (GO)	F/N			30		56		5,000		28,720			
17				0188 Technical Support - Health(GO)	H			30		56		100		28,820			
18				0189 Technical Support - Education & HR (GO)	EHR			30		56		25		28,845			
19				0101 Special Dev. Activities (GO)	SDA			30		56		25		28,895			
20				0190 Technical Support - Section 106 (GO)	SDA			30		56		25		28,920			
21				PL 480 Title II				30		56		655		28,945			
				Workforce Increment: Loan Office				31		56				29,600			
				Workforce Increment: Financial Management				1		57							
				Workforce Increment: Administration				2		59							
				Decision Package - Proposed		3122											
22				0191 Watershed Management I (L)	F/N			32		59		2,000		31,600			
23				0192 Access Roads I (L)	F/N			32		59		2,000		33,600			
24				0195 Rural Nutrition - Food Prod. (DPG)	F/N			32		59		90		33,690			
25				0197 Community Development (OPG)	EHR			32		59		60		33,750			
26				0198 Rural Youth Training - FFP (OPG)	EHR			32		59		40		33,790			
27				0199 Community Development - Indian Areas (OPG)	EHR			32		59		30		33,820			

\* Excludes at all levels personnel on board and estimated costs of regional AAG, HIS, and Regional Contracts Office. Total cost excluded are 1259. Personnel excluded are 17 US Direct Hire and 7 Foreign National Direct Hire. The personnel and costs of HIG, a newly established regional office, are not included in USAID's MDB and therefore are excluded from these figures.

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IDENTIFICATION DOCUMENT FACESHEET TO BE COMPLETED BY ORIGINATING OFFICE				1. TRANSACTION CODE <input checked="" type="checkbox"/> A A = ADD C = CHANGE D = DELETE		PID 2. DOCUMENT CODE 1	
3. COUNTRY/ENTITY PANAMA				4. DOCUMENT REVISION NUMBER <input type="checkbox"/>			
5. PROJECT NUMBER (7 DIGITS) <input type="checkbox"/> 525-0191 <input type="checkbox"/>		6. BUREAU/OFFICE A. SYMBOL LA		B. CODE <input type="checkbox"/> 05 <input type="checkbox"/>		7. PROJECT TITLE (MAXIMUM 40 CHARACTERS) <input type="checkbox"/> Watershed Management <input type="checkbox"/>	
8. PROPOSED NEXT DOCUMENT A. <input type="checkbox"/> 2 = PRP <input type="checkbox"/> 3 = PP				B. DATE MM YY 12 77		10. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = )	
9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION a. INITIAL FY <input type="checkbox"/> 79 <input type="checkbox"/>				b. FINAL FY <input type="checkbox"/> 79 <input type="checkbox"/>		FUNDING SOURCE	
						1. AID APPROPRIATED 10,000	
						B. OTHER 1. _____ U.S. 2. _____	
						C. HOST COUNTRY 10,000	
						D. OTHER DONOR(S)	
						TOTAL 20,000	
11. PROPOSED BUDGET AID APPROPRIATED FUNDS (\$000)							
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE C. GRANT D. LOAN		E. FIRST FY 79 F. GRANT G. LOAN		LIFE OF PROJECT H. GRANT I. LOAN	
(1) FN	233	060		10,000		10,000	
(2)							
(3)							
(4)							
TOTAL				10,000		10,000	
12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)							
055		091		093		096	
				160		051	
13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH)							14. SECONDARY PURPOSE CODE
BR		ENV		TNG			253
15. PROJECT GOAL (MAXIMUM 240 CHARACTERS) [Improve living levels of the rural poor by protecting water and downstream land resources and providing presently marginal rural population new, environmentally sound, employment and income earning opportunities. Rehabilitate degraded land.]							
16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS) [A. Create a viable watershed management system capable of initiating and perpetuating environmentally, technically, and economically sound land and water resource management and reforestation programs. B. Concentrate reforestation projects in presently degraded hill and mountain areas so as to optimize the use of renewable natural resources and allow recuperation of degraded soils to create and support other agricultural development activities downstream.]							
17. PLANNING RESOURCE REQUIREMENTS (staff/funds) Approximately 11 man/weeks of consultants and TDY for PRP (est. cost \$10,000), and 20 man/months of consultants for PP (est. cost \$100,000).							
18. ORIGINATING OFFICE CLEARANCE Signature <i>Paul Sáenz</i>						19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION	
Title Deputy Director, USAID Panama				Date Signed MM DD YY 05 31 77		MM DD YY	

PROJECT IDENTIFICATION DOCUMENT  
PANAMA FY 79 - LOAN PROJECT  
REFORESTATION AND RESOURCE PROTECTION

1. Summary of the Problem to be Addressed and the Proposed Response to the Problem

a. The Problem

As explained in greater detail in the Agricultural Sector Assessment submitted March 1, 1976, the entire Pacific watershed of central and western Panama has a history of slash-and-burn agriculture going back to the 19th century but which became particularly acute during the present century as population pressure increased. Virtually all forest and scrub vegetation cover has been removed from this part of the country, thus exposing a wide band of land, approximately 12,000 square kilometers or 16% of the total land area, to serious soil degradation. In some parts erosion has become irreversible, while in others it is threatening to become so. Approximately one half million hectares of land officially classified as farm land - equivalent to 23% of the land in farms - are affected. <sup>1/</sup>

Poor watershed management practices including the removal of the forest cover from these vast areas of the Pacific watershed are even seriously endangering the water resources of the most densely populated area of Panama, i.e., the Pacific coast from Chiriquí to Panama City. The courses of the rivers and streams are extremely short and their initial gradients are quite steep. The lack of vegetation seriously reduces the water retention capability of the soil in the upper watersheds accentuating flooding and drought and leads to silting of the streambeds lower down. This situation threatens future urban water supplies as well as the country's potential for the generation of hydroelectric power and for irrigation and even threatens the watershed area which feeds the canal.

The drought of 1976 which appears to be continuing into this year has increased interest at all levels in water resource protection. The health sector assessment has stressed the connection between adequate water supplies and good health: insufficient water supplies are a basic reason for illness. Both the health and agriculture sector assessments identify one of the constraints inherent in furnishing services to the rural population of Panama, i.e., that many live in very small isolated communities.

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<sup>1/</sup> Forest destruction is still going on in other areas at an estimated annual rate of 15,000 hectares.

As in other tropical countries, the existing natural forests are extremely heterogeneous. Moreover, most of the commercially valuable species in the more accessible areas of standing natural forests on the Atlantic coast and in the Darien have already been exploited. Thus, while 50% of the country's total land area is covered by forest and 28% is considered of some commercial value, forestry contributes only one percent to the Panamanian gross domestic product. Exports of forest products in 1973 amounted to only \$300,000, while imports of wood, wood products, and pulp were valued at \$4 million. 1/

Probably because, until recently, the frontier seemed virtually inexhaustible, and also because previous governments had shown little concern for the development of the rural areas, not to speak of resource conservation, there had been scant public awareness of the increasing problem represented by the lack of watershed management and soil degradation on the Pacific watershed and the economic potential of these lands in terms of rational forest utilization. There is little or no legislation designed to avoid indiscriminate resource destruction or to promote their rehabilitation. What laws there are cannot be expected to be applied for lack of enforcement mechanisms. There are only six graduate foresters in the entire country of whom only two work in the public sector 2/ and there are only seven formally trained middle-level forest technicians. The Faculty of Agronomy of the University of Panama does not have a Department of Forestry.

The lands involved affect most of the target rural population for whose benefit the USAID/Panama program is directed. The poor farmers in the Azuero Peninsula and the Central Provinces -- especially the thousands of Guaymí Indians in the Western part of the Central Cordillera -- are trying to subsist on these degraded lands. Many of GOP's experiments in settling marginal farmers and migrant farm laborers in cooperatives and asentamientos are also endangered by continuing erosion of watersheds. Alternately torrential rains wash down barren slopes carrying away top soil and tropical heat during the five-month dry-season bake out productive value. As the land becomes depleted, it is abandoned; and, the cycle of subsistence and frustration -- individually or in groups -- is repeated. The abandoned areas are increasingly turning into wastelands where recovery of vegetation cannot be expected for generations.

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1/ This does not include approximately \$20 million of paper imports annually.

2/ One of them is the Director General of the Ministry of Agriculture's Department of Natural Resources (RENARE - see below); the other is Director of Regional Planning in the Ministry of Planning and Economic Policy.

The impact of continuing degradation on programs aimed at the small farmer is obvious: without sound watershed management, there is little long-term likelihood of a sustained increase in his real income and living standards. Unless his land base is effectively protected; he will join the growing numbers of unemployed poor farmers in the cities. And, finding long-term opportunities for the rural poor in rural areas depends on reversing the pattern of land degradation now so widespread in Panama. Settlement in cooperative or other group organizations in more productive lowlands or opening up new lands in Darien or Bocas del Toro is at best a stop-gap unless watersheds are restored and rationally managed in the years ahead.

Moreover, for socio-cultural reasons and since Panama is not run on totalitarian terms under which people can be forcibly uprooted and moved, opportunities for the target man -- now being most adversely affected by the lack of sound watershed management -- must be found for him where he chooses to live -- in the same land areas most affected by land degradation.

b. The Project

The Project will conserve natural resources by sound watershed management while making renewable natural resources available to improve the levels of living of the rural poor.

Project Outputs will consist of: (a) 75,000 hectares of protected forested or reforested areas, most of which will yield commercially useful tree species, while protecting soils from excessive runoff and erosion, (b) small dams and mini aqueducts which will also help control erosion and provide small supplies of power and adequate water for farm and domestic use in the lower areas of the watersheds. The feasibility of using wind-mills to move water in the project will be examined.

By the End of the Project there will exist a government policy on watershed management and an institution adequately staffed with trained personnel to enforce the policy.

The proper conservation of soil and water resources over a large portion of the central cordillera, combined with reforestation of suitable areas with economically useful tree species for lumber and pulp production will make a major contribution to the long run strategy as outlined in the ten-year Perspective Agricultural Plan (see Sector Assessment). This program will take marginal land out of farming and ranching and rehabilitate these lands for resource protection and will provide a base for the production of a new, environmentally sound, income stream for the currently marginal population that will remain in the areas concerned. Their levels of living will be raised, in the short run, as jobs in project related activities are created, in the medium run through introduction of improved

technology in subsistence, and subsequently market oriented, farming on existing pockets of arable land, and in the longer run through their participation in the income stream from the production of the new forests. The long-term objectives to which the project will also contribute include protection of water and down-stream land resources, lessening the nation's dependence on imports of lumber, and wood products and perhaps moving into an export position and promoting industrialization, with an eye to the growing world shortage of timber.

The project is expected to create a solid and capable forest and soil conservation service staffed by adequately trained technicians and which will have, by the end of the project, designed and initiated the implementation of ecologically, technically, and economically sound watershed management and reforestation sub-projects in approximately 15 watersheds of the central cordillera. The project will be designed to provide both the infra-structure and impetus for a continuation of the effort, including the capability for protecting and managing other degradation-prone areas, especially the remaining virgin forests.

There will be a national educational and enforcement program to stop forest destruction and teach Panamanians, especially those living in rural areas, the necessity for soil and resource conservation.

Preliminary estimates of project inputs include approximately 15 man-years of technical assistance and 50 man-years of training. They will also include earth-moving equipment, vehicles, measuring and surveying equipment and seeds, as well as such contributions to operating costs as cannot be met by the host country budget.

In view of the grossly inadequate institutional framework and lack of trained manpower, it is estimated that the disbursement period of the project will be five years. This will provide an opportunity for devoting the first year of implementation of the project largely to training of host country personnel and to technical assistance for in-country training and for surveys and planning of sub-project areas.

Estimated annual labor requirements are for approximately 180,000 man/days during the five-month dry season, equivalent to about 1,500 workers. As regards ultimate beneficiaries, it is expected that 15 hectares of forest land in full production will provide a target family income of at least \$1500 per year. 75,000 hectares of forest land will provide 5000 total ultimate direct beneficiaries with a living wage. Immediate social and economic benefits to the population in the areas concerned would consist of salaries. These would substantially exceed the going wages paid in these remote and unproductive areas where paid jobs are scarce.

A positive rate of return cannot be expected during the first 5 years of the project. However, over the life of the full reforestation program, it is expected that in the case of caribbean pine plantations, some returns will accrue beginning in year 7 and full returns at year 20. A pre-feasibility study for one 12,000 hectare sub-project, which assumes full harvest beginning with year 16 and which is based on 60% plantation of coniferous species yielding income beginning with years 10 to 15, and 40% broad-leaf woods with slower maturity, is projected to yield a positive rate of return of 14%, with cash flow discounted at 10% and where cost included an assumed 10% interest rate on borrowing. These projections do not include technical assistance and training costs, nor do they include estimates of economic and social benefits derived from watershed management and protection of agricultural land downstream.

c. Major Assumptions

Major assumptions for project success are of course in the first place a continuing growing top-level government commitment to the watershed management resource protection-reforestation program as an integral component of its long-term development strategy. Moreover, the project may require the enactment and implementation of new legislation.

The assumption is based upon the fact that a new awareness of the growing need for watershed management, resource, conservation, protection and rehabilitation is becoming evident in Panama. For example, the entire watershed of the recently completed Bayano hydroelectric reservoir has been declared a protected area. All private farm land was obtained by right of eminent domain and no private farming or ranching activity will be allowed in the watershed. A master plan already exists for regional development, including conservation measures, for the Panama Canal and Lake Madden watersheds (the latter, partially comprised within the Canal Zone, is the source for the water supply for the city of Panama). A forest reserve is being gradually created in a partially degraded area around the small lake of La Yeguada in the central cordillera, and a number of small scale reforestation projects are under way, some of them combined with improvements in subsistence farming on pockets of level land. All these activities (in addition to a number of others such as irrigation, inland fisheries and soil conservation) are the responsibility of RENARE, the Department of Renewable Natural Resources of the Ministry of Agricultural Development. With its small technical staff and very limited resources <sup>1/</sup> it had reforested over 3,810 hectares in five different locations by the end of 1976 and had produced nearly 950,000 tree seedlings from four nurseries in 1976.

<sup>1/</sup> 1976 budget: \$405,000 for investments and \$450,000 for operating expenses.

#### d. Other Donor Activity

The most important donor activity in this field is represented by the comprehensive forest inventory completed by FAO in 1973 (FO:SF/PAN 6) which, together with the rural cadaster completed in 1970 with AID financing, provides a sound information base for both forest utilization and reforestation activities. In addition to technical matters, the FAO report includes a volume on policy, legislation and forest administration.

FAO, partly in conjunction with SIDA and the Government of Finland, has also provided 14 weeks of external training in forest development planning and forest inventory, and sponsored the participation of two technicians in a four-week workshop in Guatemala on management of wilderness areas. Three months of training in Canada, US and Mexico in administration of national forests was provided jointly by AID and the Rockefeller Brothers Fund. The Inter-American Institute of Agricultural Sciences (IICA) sponsored a one-week course on management of watersheds in Panama. The FAO is sponsoring the training of 12 Panamanians in Colombia for 3 years. They are being trained as middle level forestry technicians of the ranger-type specializing in forest protection and forest management.

A specialist in watershed management has been assigned permanently to the IICA Mission in Panama since September, 1976.

The UNDP's new five-year program proposal includes a possible \$460,000 project beginning in 1979 in wood industry development, which will probably concentrate mostly on selection of products, pre-feasibility studies and elaboration of specific industrial projects.

A watershed renewal project to be supported by the World Food Program with 8 million dollars of food products is expected to be authorized in CY 1977. Under this project 1,000 families presently located in the central cordillera on severely denuded and eroded soils will plant from 3 to 4 thousand hectares of trees each year for a three year period. The Panamanian Government is to provide \$1.5 million to cover material expenses as well as partial salary payments to the participants, while the WFP food products will be provided the workers on a regular basis. The project should be approved by October 1977 and operations start by May of 1978.

It is anticipated that upon completion of the project the GOP will be able to continue the project using locally produced food products. In the second phase, in addition to forest trees other species such as fruit, coffee and cacao trees will be planted in suitable areas. Attention will be paid to the concentrating of the scattered families into towns of 500 families each where it will be easier to supervise the watershed practices as well as the providing of better education; health and other social facilities.

The Food for Forests project of the FAO is designed specifically for the sedentary Guaymi indian areas. It will probably not be suitable for areas of ladino population, which typically engages in migratory slash-and-burn subsistence farming. The AID project will be designed to complement the activities under the FAO project.

e. Financial Requirements

The project will comprise the reforestation of approximately 75,000 hectares in the 15 different sub-project areas, as the first installment in a massive reforestation effort. At an average projected cost of investments and operating expenditures of approximately \$250 per hectare, total direct project cost is estimated to amount to \$20 million, of which \$10 million would be provided by the Government of Panama and \$10 million in the form of an AID loan. The project will include approximately 15 man-years of technical assistance for a total estimated cost of \$900,000 and approximately 50 man-years of medium and short-term external training for a total estimated cost of approximately \$400,000.

Approximately 36% of the above estimated cost of each sub-project is represented by personal services, buildings and land acquisition, all of which would be funded from GOP counterpart.

f. Resources Required for PRP and PP Preparation

For PRP (Due 3rd Quarter FY 78)

<u>Specialty</u>	<u>Timing</u>	<u>Weeks</u>	<u>Estimated Cost</u>
Tropical Forester and Watershed Management	8/1 - 9/30	4	\$ 5,000
Forest Economist	8/1 - 9/30	4	5,000
TDY Loan Officer	9/21 - 10/15	<u>3</u>	<u>-</u>
Total:		11	\$ 10,000

For PP (Due FY 79):

Various specialists such as Tropical Forester, Watershed and Multiple Land Use Specialist, Soil Conservationist, Forest Economist, for a total of 20 man/months and \$100,000.

AGENCY FOR INTERNATIONAL DEVELOPMENT  
**PROJECT IDENTIFICATION DOCUMENT FACESHEET**  
 TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE  
 A = Add  
 C = CHANGE  
 D = DELETE

PID  
 2. DOCUMENT CODE  
 1

3. COUNTRY/ENTITY  
 PANAMA

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 DIGITS)  
 525-0192

6. BUREAU/OFFICE  
 A. SYMBOL LA  
 B. CODE 05

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS)  
 Access Roads

8. PROPOSED NEXT DOCUMENT  
 A.  2 = PRP  
     3 = PP  
 B. DATE MM YY  
     4 |  7 |  8

10. ESTIMATED COSTS  
 (\$000 OR EQUIVALENT, \$1 = )

FUNDING SOURCE		PAGES
A. AID APPROPRIATED		10,000
B. OTHER U.S.	1.	
	2.	
C. HOST COUNTRY		5,000
D. OTHER DONOR(S)		
TOTAL		15,000

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION  
 a. INITIAL FY  7 |  a  
 b. FINAL FY  7 |  9

11. PROPOSED BUDGET AID APPROPRIATED FUNDS (\$000)

A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY 79		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) FN	220		061		10,000		10,000
(2)							
(3)							
(4)							
TOTAL					10,000		10,000

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)  
 010      031      043      051      312

13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH)  
 BR      BL      BS      BU

14. SECONDARY PURPOSE CODE  
 253

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)  
 Improve the level of welfare among the rural poor.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)  
 Raise campesino income and increase the amount of vital services provided to him, reduce the costs of inputs, improve access to markets by developing an access road network.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)  
 Approximately 3 work/weeks of AID/W TDY assistance will be required. No additional funding required.

18. ORIGINATING OFFICE CLEARANCE  
 Signature: *Paul Saenz*  
 Title: Paul Saenz, Deputy Director  
 Date Signed: MM DD YY  
           0 | 5 | 3 | 1 | 7 | 7

19. DATE DOCUMENT RECEIVED BY: AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION  
 MM DD YY

PROJECT IDENTIFICATION DOCUMENT  
PANAMA FY 79 - LOAN PROJECT  
ACCESS ROADS

1. The Problem

Over the past several years the Government of Panama has been carrying out a concerted effort to develop the rural sector of the nation. The overall strategy that has evolved is one of shifting emphasis from an objective of just maximizing agriculture's contribution to the Nation's economy through import substitution and exports to include raising the income and living levels of its rural poor and incorporating the hinterland, especially the more backward rural areas, into the political, social and economic mainstream of the country.

To this end the Government has carried out an extensive program of constructing primary and secondary road networks in those sections of the country which are the most populous. These networks have effectively linked most of the major urban centers and brought development to previously underutilized areas. But a gap exists within the networks. As these road networks were constructed, tertiary roads running to small rural communities located off of the rights-of-way were not developed. Each community was left to its own devices to connect to the networks. The result has been a hodge podge of ad hoc efforts on the part of the local populations to construct such links. At present these exist in various degrees of development from combination foot/horse paths to unimproved earth roads which result in varying degrees of isolation for the communities. These links at best during the dry season, are open to only four wheel drive vehicles and at their worst are impassible because of inclement weather.

Because of the condition of the tertiary road network transportation costs for goods and services going both into and out of remote communities is greatly increased. This has reduced the incentive for the community populations to invest in agricultural inputs in order to raise production above the subsistence level and send the surplus produce to urban markets. Due to the inadequate roads Government programs designed to achieve the stated objectives of raising the living level of the rural poor and incorporating them into the national economy have been reduced and their implementation slowed because scarce resources are used for increased transportation costs and duplication of personnel and infrastructure. Agricultural extension agents and similar individuals who travel from community to community providing their services cannot cover as many as they could if transportation were easier and often times cannot reach a com-

munity at all during the rainy season. The Ministry of Health must build more health posts and hire and train extra personnel in order to achieve its goal of placing a post within two hours travel time of every member of the rural population. In addition because of the lack of adequate access roads and services, new settlers are impeded from settling and productively utilizing those potentially productive but sparsely populated areas located within the existing primary and secondary road networks.

The population found within the communities described above are largely made up of low income subsistence farmers and landless peasants who as noted above are effectively locked out of the nation's money economy and isolated from vital services. Indeed as stated in the Agricultural Sector Assessment inadequacy of the rural infrastructure is the primary tangible impediment to a more rapid improvement of economic and social conditions for the rural population; and, accessibility is the number 1 problem within this area. This population was targeted in the Mission's latest DAP as the one on which to concentrate AID resources.

It should be noted that in the still underdeveloped areas of the country where the Government is planning and executing integrated rural development projects such as Tonosí provision is being made to eliminate the tertiary road gap. However, these integrated rural development projects will not serve other geographic areas where access roads are equally critical for reaching small farmers and helping to integrate them into the economy.

## II. The Project

### A. Description

The basic goal of the Government's and AID's present agricultural sector activities as well as of this project is to improve the level of welfare among the rural poor. The approach that has been followed to achieve this and which has been adopted as the project's purpose is to raise campesino income and to increase the amount of vital services provided to him. A constraint to this approach is the physical isolation of the campesino. The project will alleviate the constraint through the provision of all-weather access roads.

A sub-purpose of the project is the establishment of a permanent capacity within the Government to select, design, supervise, construct and maintain access roads.

Project activities will complement the Government's two other objectives in the agricultural sector - maximizing agriculture's contribution to the nation's economy and incorporating the hinterland into the economic mainstream of the country - the achievement of which will contribute towards reaching the project goal. The project will also complement current AID activities in the sector. It will give a greater portion of the country's small farmers access to the storage facilities being constructed under the Grains and Perishables Market System Loan (525-T-042) and will assist cooperatives involved in the Rural Cooperative Development Loan (525-T-041) in reaching more potential members and improve the provision of services to existing members.

Approximately 1000 kilometers of trails and roads will be upgraded to conform to minimum engineering standards permitting all-weather use (see annex A) however, where it is impossible to follow an existing right-of-way new roads will be built. Bridge construction will be kept to a minimum. Whenever possible relatively inexpensive culverts and concrete fords will be used. Still based on the past experience of MOP we expect that the equivalent of one \$30,000 bridge will have to be constructed every 10 kilometers.

To carry out the project, a feeder road fund will be established which will be administered by the Ministry of Public Works. In addition an interministerial committee will be organized made up of representatives of the Ministries of Public Works, Health, Education, Planning and Agriculture and charged with selecting the roads to be improved. The Ministry of Public Works will be permitted to improve only committee approved roads with the road fund. At present an informal working group is functioning which includes the Ministries of Public Works, Education, Planning and Agriculture. Road selection will be made in two stages. First an initial selection will be made based upon pre-established technical and economic eligibility standards which at a minimum take into account within the proposed road's zone of influence: agricultural production, school and health post locations, access to credit and other production inputs, location of potential industrial projects, size of and socio/economic condition of the population and the road's location in relation to market centers. An additional requirement will be that the road must connect to a primary or secondary road. From the initial list final road selection will be based on a satisfactory technical and economic feasibility study which:

1. Presents preliminary engineering plans and a reasonably firm estimate of the costs of the road involved;
2. Demonstrates that the technical alternatives proposed will be optimal in terms of cost and benefits generated, projected traffic, etc.;
3. Demonstrates that benefits will accrue to the target population;
4. Demonstrates that net economic benefits projected for the sub-project investment equals the imputed returns on alternate uses for capital in Panama; i.e., the sub-project investment has a benefit/cost ratio of at least 1 to 1 when discounted at the opportunity cost of capital; and
5. Provides evidence that once the road's improvements are completed in a sub-project region, no other major bottleneck exists which would prevent the benefit stream projected under item 4 from being realized.

Utilizing criteria for initial selection the working group has already identified 146 potential sub-projects totalling 650 kilometers. Their lengths vary from 1/2 to 15 kilometers with the average being 5. Upon approval of this PID further investigation will be carried out to find additional potential sub-projects. The National Departments of Construction and Maintenance located in the Ministry of Public Works will be responsible for the project's day-to-day implementation including design and supervision. They will receive technical assistance and training designed to install a permanent capacity for implementing the program after the project is terminated. Training and technical assistance will be provided in such areas as survey and economic analysis, planning and methods to mobilize community participation for road construction and maintenance.

It is anticipated that various methods will be utilized to execute the construction portion of the project including force account, contracting and self help. Selection will depend on the community, its location and the terrain. Records will be kept to determine which is the most efficient. No matter what method is used, efforts will be made to channel a maximum amount of funds expended on the roads into the communities in which they are located. The Minister of Public Works has already noted that when contracting is utilized the contract will require the constructor to employ local labor for all unskilled jobs.

### Other Donor Activity

AID is presently involved in planning the improvement of approximately 65 kilometers of roads within the Tonosí Rural Development Project. Principals and procedures learned during that activity's planning stage will be applied in the proposed project and should facilitate its implementation. Where possible the same committees and institutions implementing the Tonosí road activity will be used to administer this one to insure close coordination.

The IDB is currently executing the third loan under its Rural Road Construction Program. The roads constructed under these loans are built to secondary or primary road specifications and greatly exceed those contemplated in the proposed project.

The only other externally financed road construction project in the country is the Darien Gap of the Pan American Highway.

Roads linking communities to the IDB roads and the new section of the Pan American Highway and not included in any integrated rural development project will be considered during the selection process for the proposed project.

The Government is currently negotiating a road maintenance loan with the World Bank to establish maintenance centers in each providence with sub-centers in the districts. The loan includes funds for equipment and technical assistance. Activities under the proposed project will be coordinated with programs executed under the maintenance loan.

### B. Financial Plan

Utilizing the list of roads supplied by the working group and past experience we have estimated that the cost of constructing the road surface will vary between \$8,000 - \$12,000 per kilometer. Actual cost will depend on the terrain along the right-of-way and whether or not a new road will be constructed. Assuming that the terrain will tend to be on the rough side and including a 10% inflation factor as a margin of safety we estimate that construction will cost \$14,600,000. Approximately 150 work months (\$150,000) of training and 48 work months (\$250,000) of technical assistance will be provided under the project. Total cost of the project is \$15 million of which the Government of Panama will provide \$5 million. These figures are tentative and will be revised as the intensive review progresses.

It is anticipated that the FAR system of reimbursement will be extensively utilized in the project.

### C. Important Assumptions

At this point in project development we feel that the following assumptions are critical to success:

1. The Government of Panama does not reduce or withhold resources from the agriculture sector either because of a shift in priority to another sector or because of other external factors such as worsening of its financial condition or of the country's economy;
2. Favorable weather conditions prevail for farming;
3. The market for agricultural products (cost vs price) is conducive to their production; and
4. The target group is responsive to economic stimulus provided by the market.

### D. Project Development

To prepare the PRP, the existing working group will be expanded to the interministerial committee discussed in the Project Description. Selection criteria will be firmed up, the list of 146 sub-projects reviewed and additional sub-projects investigated in order to prepare an initial list of sub-projects and to obtain a better picture of construction requirements. Construction costs will be analyzed in more depth and training and technical assistance requirements will also be investigated. Other possible constraints to the project's purpose will be evaluated to insure that they do not inhibit project success. For example, reviews will be made to determine the adequacy of the national truck fleet for transporting increased production resulting from the project and whether sufficient production inputs are available in those areas near the roads proposed for improvement which would become service centers for the isolated community's population. After the World Bank maintenance loan is negotiated it will be reviewed to determine any requirements for including a maintenance activity under this project.

Many of the policies and procedures developed under the Tonosí road activity will be utilized. Therefore, very little assistance outside the Mission should be required. An

AID/W transportation economist will be required for approximately 2 weeks early in the review process to assist in refining selection criteria and in determining training and technical assistance needs. Approximately 3-4 weeks prior to submitting the PRP to AID/W the economist or someone else in LA/DR may be requested for 1 week's TDY to review a preliminary draft of the PRP.

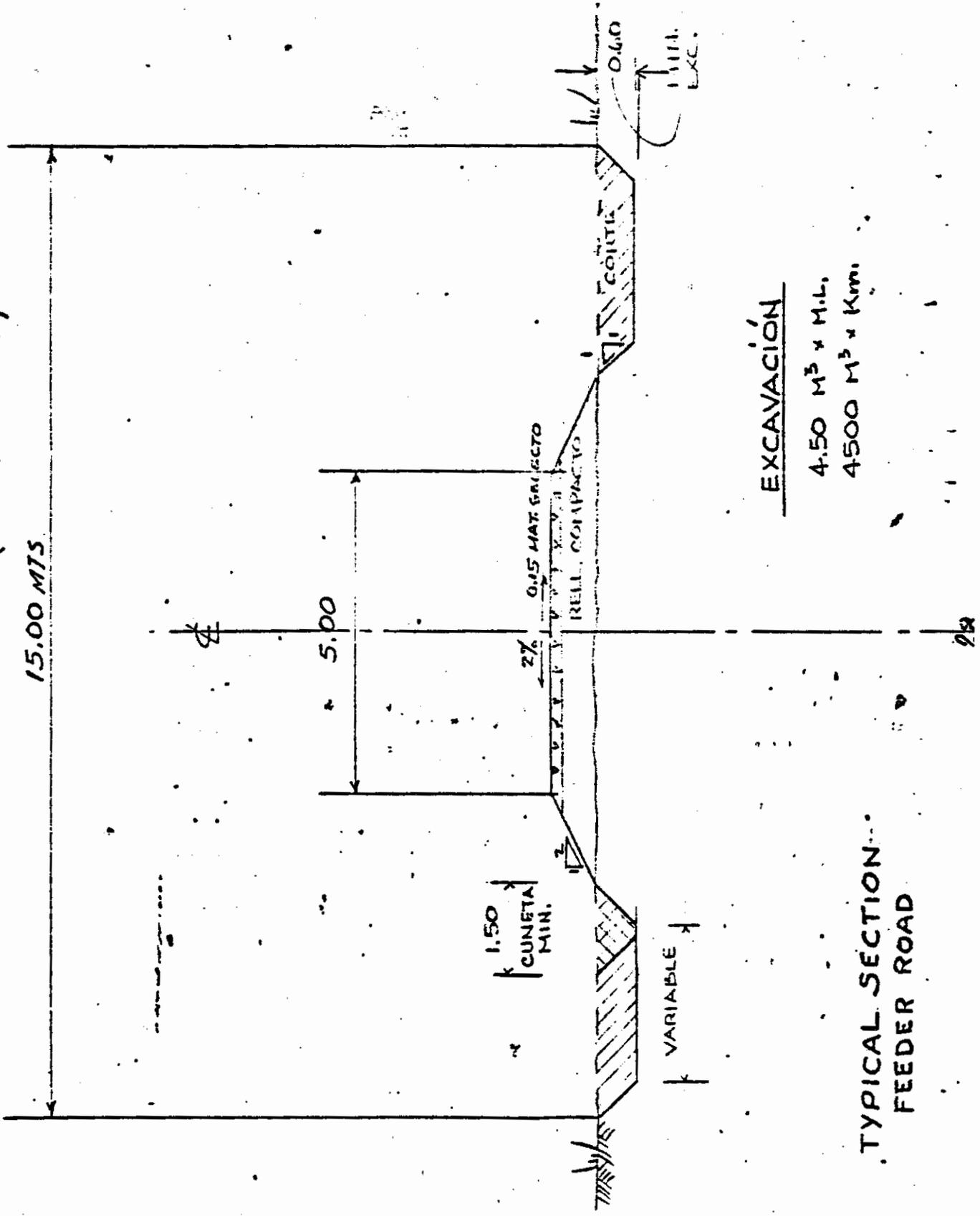
The Mission anticipates submitting the PRP by April 1978 and a Project Paper during FY 1979.

LIST OF ANNEXES

	<u>Annex</u>
Typical Road Cross Section	A
Organizational Chart - Ministry of Public Works	B
Organizational Chart - Department of Construction	C
Organizational Chart - Department of Maintenance	D
146 Selected Areas	E
Existing National Road Network	F

DERECHO DE VIA (RIGHT OF WAY)

15.00 MTS

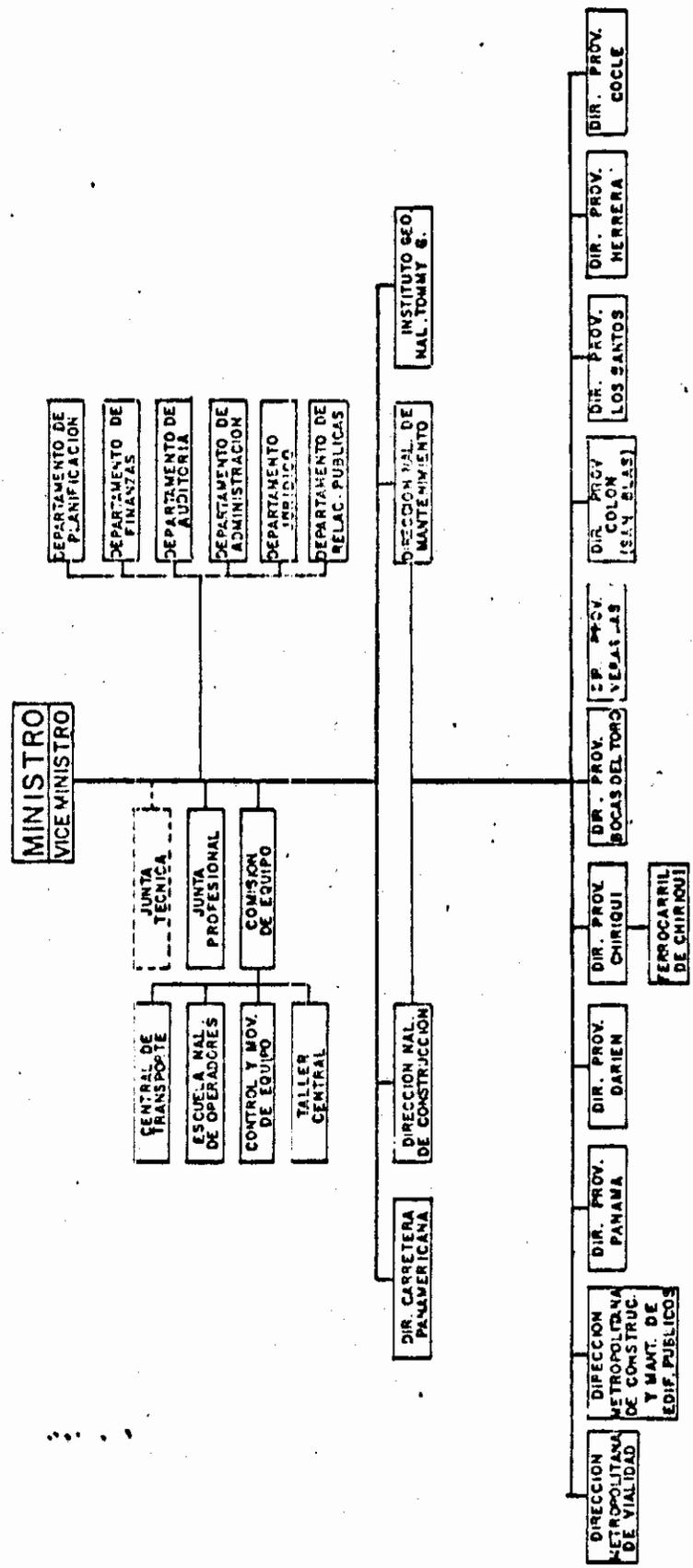


EXCAVACION

4.50 M<sup>3</sup> x M.L.  
4500 M<sup>3</sup> x Km.

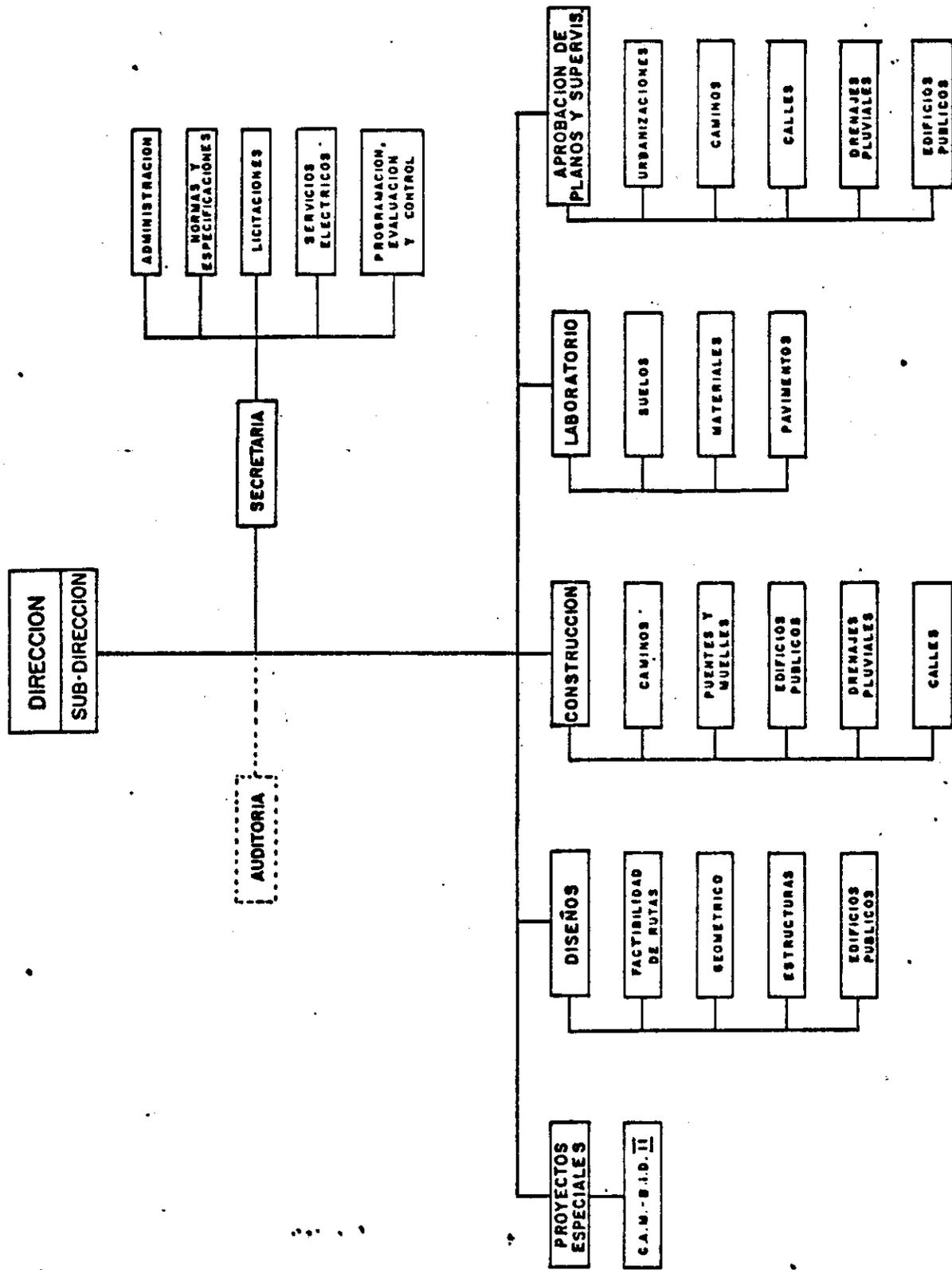
TYPICAL SECTION...  
FEEDER ROAD

# ORGANIGRAMA GENERAL DEL MINISTERIO DE OBRAS PUBLICAS

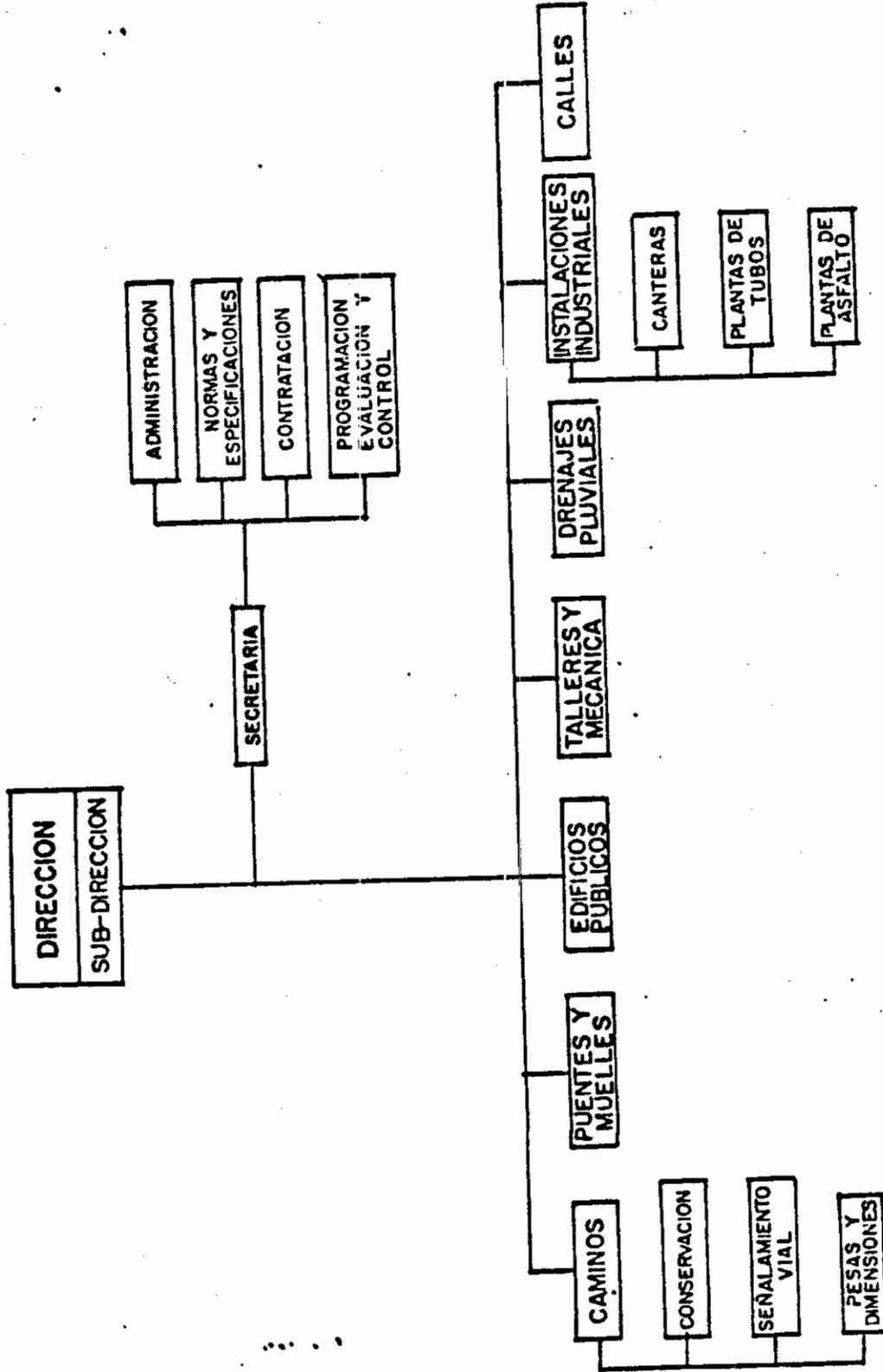


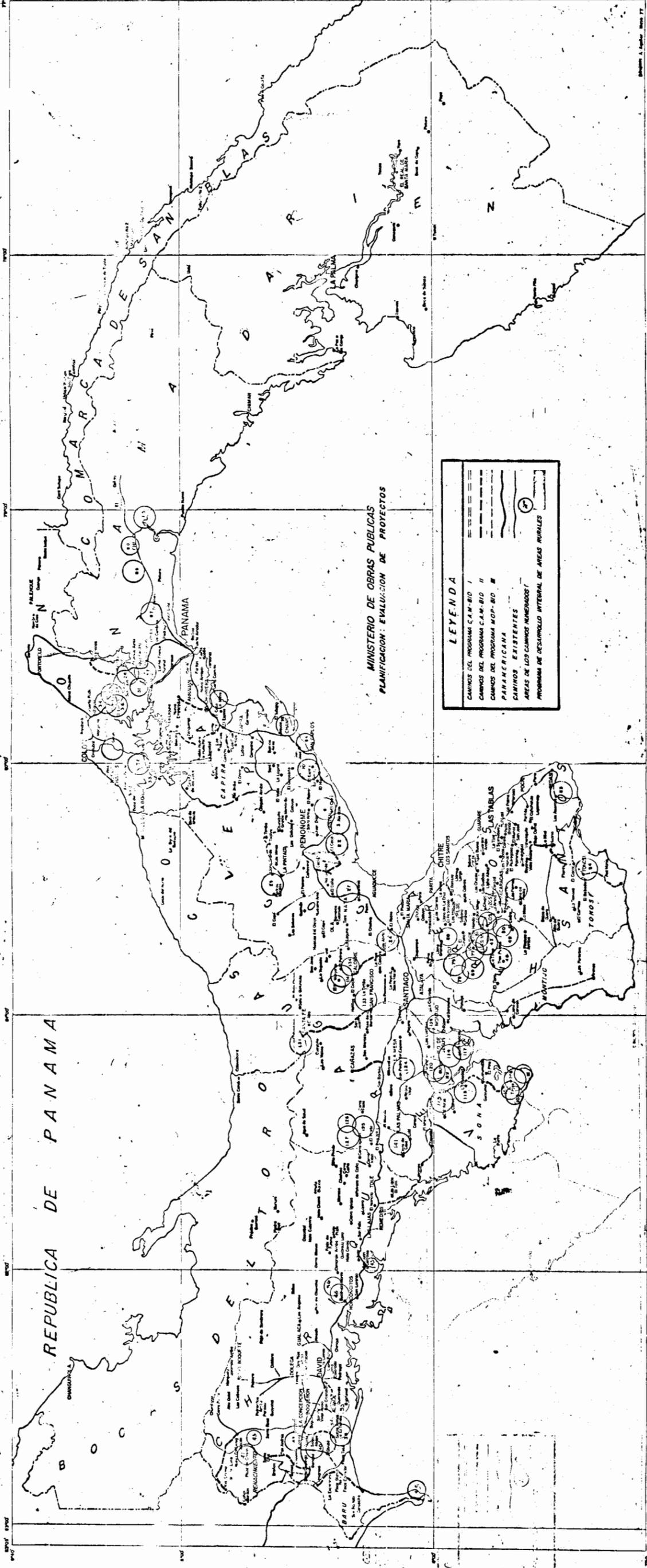
# DIRECCION NACIONAL DE CONSTRUCCION

ANNEX C

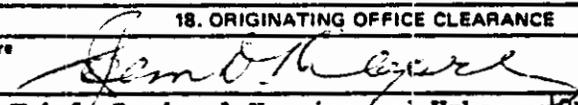


# DIRECCION NACIONAL DE MANTENIMIENTO







AGENCY FOR INTERNATIONAL DEVELOPMENT <b>PROJECT IDENTIFICATION DOCUMENT FACESHEET</b> TO BE COMPLETED BY ORIGINATING OFFICE				1. TRANSACTION CODE ("X" appropriate box) <input checked="" type="checkbox"/> Original <input type="checkbox"/> Change <input type="checkbox"/> Add <input type="checkbox"/> Delete			PID <hr/> DOCUMENT CODE 1		
2. COUNTRY/ENTITY <p style="text-align: center;">PANAMA</p>				3. DOCUMENT REVISION NUMBER					
4. PROJECT NUMBER <p style="text-align: center;">525-BG-009</p>		5. BUREAU a. Symbol <p style="text-align: center;">JA</p>		b. Code <p style="text-align: center;">05</p>		6. PROPOSED NEXT DOCUMENT a. <input type="checkbox"/> PRP <input checked="" type="checkbox"/> PP    b. DATE <p style="text-align: right;">mo. yr. 09 77</p>			
7. PROJECT TITLE - SHORT (stay within brackets) <p style="text-align: center;">[ SLUM UPGRADING AND HOME IMPROVEMENT ]</p>				9. ESTIMATED COST (life of project) (\$000 or equivalent, \$1 = )					
8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION a. INITIAL FY [ 77 ]    b. FINAL FY [ 77 ]				FUNDING SOURCE			AMOUNT		
				a. AID APPROPRIATED					
				b. OTHER U.S. - HIG			15,000		
				c. MOST GOVERNMENT			1,500		
				d. OTHER DONOR(S)					
				TOTAL			16,500		
10. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)				11. OTHER U.S. (\$000)					
a. Appropriation (Alpha Code)	b. Primary Purpose Code	c. Primary Tech. Code	FIRST YEAR FY		ALL YEARS		a. FUNDING SOURCE	b. FIRST YEAR	c. ALL YEARS
			d. Grant	e. Loan	f. Grant	g. Loan			
N/A	720	862					HIG	15,000	15,000
TOTAL							TOTAL	15,000	15,000
12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)									
865		867							
13. SPECIAL CONCERNS CODE (maximum six codes of four positions each)								14. SECONDARY PURPOSE CODE	
BU		ENV		PART				723	
15. PROJECT GOAL (stay within brackets) <p style="text-align: center;">[ To assist the Government of Panama in developing institutional capacity and methodology required to relieve the hazardous health, environmental and social conditions in the peri-urban slum areas of Panama City. ]</p>									
16. PROJECT PURPOSE(S) (stay within brackets) <p style="text-align: center;">[ To upgrade the worst squatter settlement and marginal residential areas in the San Miguelito District of Panama City through providing or improving potable water accessibility, electrification, sewage disposal systems, pedestrian and vehicular access, lotification, and improvement to existing shelter utilizing self-help and cooperative techniques. ]</p>									
17. PLANNING RESOURCE REQUIREMENTS (staff/funds) <p style="text-align: center;">Housing and Urban Planning Consultants to be furnished by SER/H supplementing services of Regional Housing and Urban Developmetn Office (RHUDO/PSA)</p>									
18. ORIGINATING OFFICE CLEARANCE							19. Date Received in AID/W, or For AID/W Documents, Date of Distribution		
Signature 									
Title Chief, Regional Housing and Urban Development Office (RHUDO/PSA)					Date Signed				
					mo. day yr.		mo. day yr.		
					0 3 1 7 7				

1. Summary of the Problem to be Addressed and the Proposed Response to the Problem

A. Relation to A.I.D. Strategy in Panama

The Panama DAP developed in FY1975 foresaw the possibility of a need for capital assistance to the GOP for shelter improvement programs in the metropolitan area surrounding the Canal Zone, and proposed to "remain receptive to requests to assist Panama" in such development programs.

Such a request has been received in the form of a letter dated 18 May 1977 from Vice-Minister of Planning Gustavo Gonzalez to USAID Director Irving Tragen. As a result of a number of recent meetings involving representatives from USAID/Panama, the Regional Housing and Urban Development Office, the Ministries of Planning and Housing, the Panama Water and Sewer Agency (IDAAAN), the President's High Level Commission on the development of San Miguelito and others, Vice-Minister Gonzalez requests urgent A.I.D. consideration of a Housing Investment Guaranty in the amount of \$13.0 million. Subsequent to the letter, the concerned agencies analyzed the allocation of funds for each component of the proposed program and concluded that the actual need was for \$15.0 million.

The requested HIG would finance a massive program of slum upgrading, including environmental, health and sanitation improvements through water, sewer, electrical and street development in existing neighborhoods, development of a contiguous sites and services project, and small loans for improvements to existing substandard housing. The area selected for development is bounded by the highway to Tocumen Airport on the South and by the Trans-Isthmian highway to Colon on the West, and is clearly within the metropolitan target area specified in the DAP.

Both USAID and the GOP consider this HIG program to be a high priority project.

B. Description of the Problem

Owing to the rapid population growth and limited employment possibilities in the rural areas of developing countries, the rural poor tend to migrate toward the cities.

As is well known, the areas surrounding major cities (known as "peri-urban areas") are the primary staging areas for rural dwellers migrating to the cities. These peri-urban areas do not

enjoy the municipal services nor conditions of sanitation and health provided in the major parts of the city proper nor are they benefited either directly or indirectly by programs aimed at the rural poor. Such areas cannot be described as either urban or rural.

As a result of the geographic configuration of Panama City, and the fact that the City is bounded on the South by the Pacific Ocean and on the West by the Canal Zone, the areas lying east and northeast of the City offer the only possibilities for settlement and growth.

The principal district in the Northeastern area of the City which has experienced abnormal growth problems as a result of the forces noted above is known as San Miguelito. In 1950, San Miguelito was comprised of about 20 dwellings housing perhaps 100 people. By 1960, the population of San Miguelito had increased to 12,975 and in 1970 the population was 70,140. The most recent study by the University of Panama indicates that the population of San Miguelito was approximately 100,000 in 1974 and present estimates are in the vicinity of 180,000, making it the second largest city in Panama.

The 1974 study by the Central American Institute of Educational Supervision (ICASE) based in the University of Panama clearly demonstrated that this great increase in population was principally caused by rural-urban migration.

The low economic level of the community may be perceived in the light of a few statistics: only about 32% of the population is economically active, and of these nearly half (14% of the population) are unemployed; more than half of the families in the District have monthly incomes of less than \$100.

San Miguelito suffers from all of the ills common to such marginal areas surrounding the cities of the developing countries: extremely high incidence of contagious and debilitating disease, high crime and juvenile delinquency rates, relatively short life spans and high infant mortality rates, and the attendant social unrest and dissatisfaction.

#### C. Proposed Response to the Problem

The Government of Panama has formed an ad-hoc committee to prepare an action program designed to attack the very serious problems infesting the San Miguelito District. The Committee is composed of representatives of the Ministry of Public Works, the Ministry of Housing, the Ministry of Health, the Water and Sanitary Sewer Institute, the President's High Level Commission on San Miguelito, and others.

The ad-hoc Committee has tentatively set the following objectives for development of San Miguelito:

- a) Create as quickly as possible the basic infrastructure for the integrated development of the District.
- b) Rearrange the actual occupation of the area in a rational manner.
- c) Initiate a massive home improvement program.
- d) Strengthen administrative support at both the local and national levels.
- e) Raise the civic and political conscience of the residents.

An important assumption is that the various governmental entities involved can coordinate the efforts required in their respective fields in order to successfully carry out the Project.

To finance the physical aspects of the first phase of the Project, the Committee has estimated that a Housing Investment Guaranty of \$15.0 million will be required, to which the GOP should be able to add at least \$1.5 million in right of way purchase, resident relocation, public works, and in-kind contributions of administrative and social services.

Of the \$15.0 million HIG, approximately three-fourths would be environmentally directed and utilized to finance sanitary sewage collection systems, water, electrification, lotification, and pedestrian and vehicular access to selected areas of San Miguelito. Approximately one-fourth will be utilized to develop a sites and services project and to provide individual loans for home improvements on terms of up to thirty years.

The investments in infrastructure will be recovered through user charges and property taxes in accordance with standard practices of the GOP.

Disbursement period of the HIG will not exceed three years.

#### D. Issues

There are no known issues.

E. Project Development

It is proposed to go directly to the PP upon approval of the PID. To this end, the ad-hoc Committee has mobilized the staffs of the various entities represented in order to obtain the required data, identify the target areas for this first phase, analyze in detail the socio-economic aspects of the target group and provide specific plans for the technical and financial aspects of the project. The material thus compiled is intended to be sufficient for preparation of the PP which will be drafted by the RHUDO/PSA staff with TDY assistance provided by SER/H.

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IDENTIFICATION DOCUMENT FACESHEET TO BE COMPLETED BY ORIGINATING OFFICE		1. TRANSACTION CODE <input type="checkbox"/> A = ADD <input type="checkbox"/> C = CHANGE <input type="checkbox"/> D = DELETE		PID 2. DOCUMENT CODE 1																					
3. COUNTRY/ENTITY PANAMA			4. DOCUMENT REVISION NUMBER																						
5. PROJECT NUMBER (7 DIGITS) 525-HG-011		6. BUREAU/OFFICE A. SYMBO LA B. CODE 05		7. PROJECT TITLE (MAXIMUM 40 CHARACTERS) SLUM UPGRADING AND HOME IMPROVEMENT 1																					
8. PROPOSED NEXT DOCUMENT A. <input type="checkbox"/> 2 = PRP <input type="checkbox"/> 3 = PP B. DATE MM YY 07 78			10. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = )																						
9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION a. INITIAL FY 79 b. FINAL FY 79			<table border="1"> <thead> <tr> <th colspan="2">FUNDING SOURCE</th> <th>BASE</th> </tr> </thead> <tbody> <tr> <td colspan="2">A. AID APPROPRIATED</td> <td></td> </tr> <tr> <td rowspan="2">B. OTHER U.S.</td> <td>1. HIG</td> <td>10,000</td> </tr> <tr> <td>2.</td> <td></td> </tr> <tr> <td colspan="2">C. HOST COUNTRY</td> <td>1,000</td> </tr> <tr> <td colspan="2">D. OTHER DONOR(S)</td> <td></td> </tr> <tr> <td colspan="2">TOTAL</td> <td>11,000</td> </tr> </tbody> </table>			FUNDING SOURCE		BASE	A. AID APPROPRIATED			B. OTHER U.S.	1. HIG	10,000	2.		C. HOST COUNTRY		1,000	D. OTHER DONOR(S)			TOTAL		11,000
FUNDING SOURCE		BASE																							
A. AID APPROPRIATED																									
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D. OTHER DONOR(S)																									
TOTAL		11,000																							
11. Proposed Budget (\$000)																									
A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY 79		LIFE OF PROJECT																			
		C. GRANT	D. HIG	F. GRANT	G. HIG	H. GRANT	I. HIG																		
(1) N/A	720		862		10,000		10,000																		
(2)																									
(3)																									
(4)																									
TOTAL																									
12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)																									
865		867																							
13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH)						14. SECONDARY PURPOSE CODE																			
BU		ENV		PART		723																			
15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)																									
To assist the Government of Panama to extend its institutional capacity and methodology as required to further reduce disastrous urban slum conditions in the major cities of the nation.																									
16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)																									
To upgrade selected urban slums and squatter settlements through developing sites and services projects, and providing potable water accessibility, electrification, sewage disposal systems, vehicular and pedestrian access, lotification and home improvement utilizing self-help and cooperative techniques. This HIG is a follow-on to the FY 1977 HIG for the San Miguelito District of Panama City.																									
17. PLANNING RESOURCE REQUIREMENTS (staff/funds)																									
Housing and urban planning consultants to be furnished by SER/H.																									
18. ORIGINATING OFFICE CLEARANCE				19. DATE DOCUMENT RECEIVED BY AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION																					
Signature <i>[Signature]</i>																									
Title Chief, Regional Housing and Urban Development Office				Date Signed MM DD YY 05 31 77																					
				MM DD YY																					

Title II programs are implemented through two U.S. Voluntary Agencies CARE and CRS(through its local counterpart CARITAS)and address human and development needs. During the last year, there has been increased coordination and collaboration between the PVOs and USAID, and between the PVOs and cooperating Panamanian Government agencies. This is already producing better programs and is resulting in the judicious use of PL-480 Title II commodities as an important element in the resource mix under our bilateral development assistance program.

In the Mission's judgment the voluntary agencies and participating local government authorities have the capacity at this time to finance and administer a program of the size we have proposed in the attached tables, and a need for such assistance at those levels clearly exists.

The program cannot solve, although it can ameliorate, deficiencies in nutritional balances. Our approach toward resolving the nutrition problem is described in other parts of this submission and relies upon programs aimed at increasing agricultural production, reducing the birth rate and improving incomes and equity in Panamanian society.

The Mission appreciates the ISC's humanitarian response during this year to our concerns for school children affected by Panama's severe drought. To respond quickly to the possibility of another drought this year, the Mission recommends that the ISC approve an operating reserve of 20% of the approved CARE and CARITAS programs to be called-forward should a short-term contingency so require.

A. CRS

The CARITAS Multi-year Plan (MYP) for FYs 79-83 has several changes from that of last years MYP. The increase in the recipient level of the MCH program for FY 79 and continuing increase through FY 81 indicates USAID/P's confidence in the close relationship which is evolving between CARITAS and the Ministry of Health (MOH) that will link Title II resources to nutrition improvement objectives of the Rural Health Deliveries System loan. The sharp reduction in FFW is a major change from last year's MYP. USAID originally decided to eliminate the FFW activity because of CARITAS' poor FFW performance as indicated by our Area Auditor General's Office and also the CRS auditors. However, CARITAS subsequently worked out FFW contracts with the Ministry of Labor for projects being implementing in rural areas through the Ministry's vocational skills training institution, CENAFORP. CARITAS is also providing FFW commodities to complement construction elements of Special Development Activity (SDA) projects. We believe the requested level of FFW beneficiaries is justified giving the direct relationship between FFW support and discrete development projects.

The slow down in the Panamanian economy has reduced the level of support usually forthcoming from Voluntary organizations to institutions that support programs for the elderly and handicapped. CARITAS has requested approval of a small adult feeding program to assist voluntary agencies

most seriously affected by the economic slowdown. CARITAS is committed to finding a means of assisting these organizations in a way that will involve an element of self-help to avoid establishing a continuing dependency. At the same time, CARITAS hopes that the small development programs will have a therapeutic value to the handicapped and senior citizens.

B. CARE

In the FY 79-FY 83 period the dollar value and recipient level of the CARE program will decline by more than 50%. This reflects AID/W's decision to phase-out school feeding activities by the end of FY 81. This phase out will also cause reductions in pre-school feeding activities which have traditionally taken place in conjunction with the school feeding program, except where pre-school feeding can be integrated into an existing MCH program.

The other child feeding beneficiary levels will remain constant throughout the planning period, while the MCH beneficiary level will increase moderately. A new category, FFW, has been added.

CARE is negotiating with Panama's Ministry of Health (MOH) to expand the MCH program, and depending on the success realized, the program may continue to increase throughout the entire period. However, the MYP is conservative, showing the initial increases, but not attempting to speculate on increases beyond FY 80.

The CARE Food for Work Program will be directly tied to school construction activities under the Education Sector Loan (525-V-043). CARE,

through the MOE, will provide commodity support and encourage community participation in self-help construction of rural production schools. CARE and the MOE are in the midst of a comprehensive evaluation on a school by school basis, of money and in-kind contributions by PTA groups, an evaluation of the success of and nutritional benefits of school garden programs, and an evaluation of the CARE-financed pilot projects in rabbit production which will serve as the basis of an OPG proposal.

Based on the results of these evaluations, CARE, in FY 78, may present the Mission with another request for extending the life (through FY 83) and slowing the phase down rate of the school feeding program, from levels approved by AID/W. Until the evaluations are completed and available to us, the Mission is not in a position to consider an extension beyond FY 81.

## PL-480 TITLE II

Recipients (000's)

	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>
CRS	11.4	12.4	13.4	13.4	13.4
CARE	<u>189.0</u>	<u>153.0</u>	<u>113.0</u>	<u>63.0</u>	<u>63.0</u>
TOTALS:	200.4	165.4	126.4	76.4	76.4

Dollars\* (000's)

CRS	208.0	230.2	245.2	245.2	245.2
CARE	<u>1746.3</u>	<u>1495.9</u>	<u>1167.9</u>	<u>758.6</u>	<u>758.6</u>
TOTALS	1954.3	1726.1	1413.1	1003.8	1003.8

\* Commodities only; does not include shipping to Panama.

PROGRAM PROJECTIONS OF CARE PL-480 TITLE II - FY 79-83

Recipients (in thousands of people)

Commodities (in thousands of kilograms)  
Value (in thousands of dollars)

	FY 1979		FY 1980		FY 1981		FY 1982 - 1983	
	Recipients	Commod. Value	Recipients	Commod. Value	Recipients	Commod. Value	Recipients	Commod. Value
MCH	35.0	840	38.0	398.3	38.0	398.3	38.0	398.3
School Feeding	120.0	2132	80.0	655.2	40.0	327.2	-0-	-0-
Pre-Sch. Feeding	25.0	444	25.0	204.6	25.0	204.6	15.0	122.5
Other Child Feeding	7.0	206	7.0	99.1	7.0	99.1	7.0	99.1
Food for Work	2.0	231	3.0	138.7	3.0	138.7	3.0	138.7
<b>TOTAL</b>	<b>189.0</b>	<b>385.3</b>	<b>153.0</b>	<b>1495.9</b>	<b>113.0</b>	<b>1167.9</b>	<b>63.0</b>	<b>758.6</b>

Commodities used in this program:

- CSM Corn soy milk
- SFRO Soy fortified rolled oats
- Veg. oil Peanut oil

PROGRAM PROJECTIONS OF CRS PL-480 TITLE II - FY 79-83

Recipients (in thousands of people)  
 Commodities (in thousands of kilograms)  
 Value (in thousands of dollars)

	FY 1979		FY 1980		FY's 1981 - 1983	
	Recipients	Commod. Value	Recipients	Commod. Value	Recipients	Commod. Value
MCH	8.0	286	9.0	341	10.0	154.3
FFW	2.0	141	2.0	141	2.0	54.3
ADULT FEEDING	1.4	96	1.4	96	1.4	36.6
TOTALS:	11.4	523	12.4	578	13.4	245.2

List of commodities that will be consumed in each project category:

- CSM            Corn soy milk
- SFRO         Soy fortified rolled oats
- SF Cornmeal   Soy fortified cornmeal
- SF Bulgar     Soy fortified bulgar wheat
- Veg. oil      Peanut oil

I. Country PANAMASponsor's Name CRS-FY 79A. Maternal and Child Health. . . . . Total Recipients 8.0

<u>No. of Recipients By Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	(Thousands)	<u>Dollars</u>
8.0	CSM	86		47.6
8.0	SFRO	86		27.4
8.0	Cornmeal	38		9.2
8.0	SF Bulgur	38		7.0
8.0	Salad Oil	38		25.9
Total MCH		<u>286</u>		<u>117.1</u>

B. Food for Work . . . . . Total Recipients 2.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	(Thousands)	<u>Dollars</u>
2.0	CSM	43		23.8
2.0	SFRO	43		13.7
2.0	SF Cornmeal	22		5.3
2.0	SF Bulgur	22		4.0
2.0	Oil	11		7.5
Total of Food for Work		<u>141</u>		<u>54.3</u>

C. Adult Feeding. . . . . Total Recipients 1.4

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	(Thousands)	<u>Dollars</u>
1.4	CSM	30		16.6
1.4	SFRO	30		9.5
1.4	SF Cornmeal	15		3.7
1.4	SF Bulgur	15		2.8
1.4	Oil	6		4.0
Total Adult Feeding		96		36.6

I. Country PANAMASponsor's Name CRS/FY 80A. Maternal and Child Health . . . . . Total Recipients 9.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>(Thousands)</u> <u>Dollars</u>
9.0	CSM	97	53.8
9.0	SFRO	97	31.0
9.0	SF Cornmeal	49	12.0
9.0	SF Bulgur	49	9.1
9.0	SF Oil	49	33.4
<u>Total MCH</u>		341	139.3

B. Food for Work. . . . . Total Recipients 2.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>(Thousands)</u> <u>Dollars</u>
2.0	CSM	43	23.8
2.0	SFRO	43	13.7
2.0	SF Cornmeal	22	5.3
2.0	SF Bulgur	22	4.0
2.0	Oil	11	7.5
Total Food for Work		141	54.3

C. Adult Feeding. . . . . Total Recipients 1.4

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>(Thousands)</u> <u>Dollars</u>
1.4	CSM	30	16.6
1.4	SFRO	30	9.5
1.4	SF Cornmeal	15	3.7
1.4	SF Bulgur	15	2.8
1.4	Oil	6	4.0
<u>Total Adult Feeding</u>		96	36.6

I. Country PANAMASponsor's Name CRS-FYs 81-83A. Maternal and Child Health. . . . . Total Recipients 10.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	(Thousands)	<u>Dollars</u>
10.0	CSM	108		59.8
10.0	SFRO	108		34.5
10.0	SF Cornmeal	54		13.2
10.0	SF Bulgur	54		10.0
10.0	Oil	54		36.8
<u>Total MCH</u>		378		154.3

B. Food for Work. . . . . Total Recipients 2.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	(Thousands)	<u>Dollars</u>
2.0	CSM	43		23.8
2.0	SFRO	43		13.7
2.0	SF Cornmeal	22		5.3
2.0	SF Bulgur	22		4.0
2.0	Oil	11		7.5
<u>Total Food for Work</u>		141		54.3

C. Adult Feeding. . . . . Total Recipients 1.4

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	(Thousands)	<u>Dollars</u>
1.4	CSM	30		16.6
1.4	SFRO	30		9.5
1.4	SF Cornmeal	15		3.7
1.4	SF Bulgur	15		2.8
1.4	Oil	6		4.0
<u>Total Adult Feeding</u>		96		36.6

## PL-480 TITLE II FY 1979

I. Country PANAMASponsor's Name CARE FY 1979A. Maternal and Child Health.....Total Recipients 38.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>KGS</u>	<u>Dollars</u>
35	CSM	420	232.8
35	SFRO	<u>420</u>	<u>134.1</u>
<u>Total MCH</u>		840	366.9

B. School Feeding.....Total Recipients 120.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>KGS</u>	<u>Dollars</u>
120	CSM	960	532.1
120	SFRO	960	306.6
120	OIL	<u>212</u>	<u>144.5</u>
<u>Total School Feeding</u>		2132	983.2

C. Other Child Feeding.....Total Recipients 7.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>KGS</u>	<u>Dollars</u>
7.0	CSM	84	46.4
7.0	SFRO	84	26.8
7.0	OIL	<u>38</u>	<u>25.9</u>
<u>Total Other Child Feeding</u>		206	99.1

D. Food for Work.....Total Recipients 2.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>KGS</u>	<u>Dollars</u>
2.0	CSM	60	33.2
2.0	SFRO	158	50.4
2.0	OIL	<u>13</u>	<u>8.9</u>
<u>Total Food for Work</u>		231	92.5

E. Pre School Feeding.....Total Recipients 25.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands) KGS</u>	<u>Dollars</u>
25.0	CSM	200	110.8
25.0	SFRO	200	63.8
25.0	OIL	<u>44</u>	<u>30.0</u>
<u>Total Pre School Feeding</u>		444	204.6

## PL-480 TITLE II FY 1980

I. Country PANAMASponsor's Name CARE FY 1980A. Maternal and Child Health.....Total Recipients 38.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands) <u>KGS</u>	<u>Dollars</u>
38	CSM	456	252.7
38	SFRO	<u>456</u>	<u>145.6</u>
<u>Total MCH</u>		912	398.3

B. School Feeding.....Total Recipients 80.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands) <u>KGS</u>	<u>Dollars</u>
80.0	CSM	640	354.7
80.0	SFRO	640	204.4
80.0	OIL	<u>141</u>	<u>96.1</u>
<u>Total School Feeding</u>		1421	655.2

C. Other Child Feeding.....Total Recipients 7.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands) <u>KGS</u>	<u>Dollars</u>
7.0	CSM	84	46.4
7.0	SFRO	84	26.8
7.0	OIL	<u>38</u>	<u>25.9</u>
<u>Total Other Child Feeding</u>		206	99.1

D. Food for Work.....Total Recipients 3.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands) <u>KGS</u>	<u>Dollars</u>
3.0	CSM	90	49.8
3.0	SFRO	238	76.0
3.0	OIL	<u>19</u>	<u>12.9</u>
<u>Total Food for Work</u>		347	138.7

E. Pre-School Feeding.....Total Recipients 25.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands) <u>KGS</u>	<u>Dollars</u>
25.0	CSM	200	110.8
25.0	SFRO	200	63.8
25.0	OIL	<u>44</u>	<u>30.0</u>
<u>Total Pre-School Feeding</u>		444	204.6

I. Country PANAMASponsor's Name CARE/FY81A. Maternal and Child Health. . . . . Total Recipients 38.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands) <u>KGS</u>	<u>Dollars</u>
38.0	CSM	456	252.7
38.0	SFRO	<u>456</u>	<u>145.6</u>
<u>Total MCH</u>		912	398.3

B. School Feeding. . . . . Total Recipients 40.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands) <u>KGS</u>	<u>Dollars</u>
40.0	CSM	320	177.3
40.0	SFRO	320	102.2
40.0	Oil	<u>70</u>	<u>47.7</u>
<u>Total School Feeding</u>		710	327.2

C. Other Child Feeding. . . . . Total Recipients 7.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands) <u>KGS</u>	<u>Dollars</u>
7.0	CSM	84	46.4
7.0	SFRO	84	26.8
7.0	Oil	<u>28</u>	<u>25.9</u>
<u>Total Other Child Feeding</u>		196	99.1

D. Food for Work. . . . . Total Recipients 3.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands) <u>KGS</u>	<u>Dollars</u>
3.0	CSM	90	49.8
3.0	SFRO	238	76.0
3.0	Oil	<u>19</u>	<u>12.9</u>
<u>Total of Food for Work</u>		347	138.7

I. Country PANAMASponsor's Name CARE FYs 82-83A. Maternal and Child Health. . . . . Total Recipients 38.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	(Thousands) <u>Dollars</u>
38.0	CSM	456	252.7
38.0	SFRO	<u>456</u>	<u>145.6</u>
<u>Total MCH</u>		912	398.3

B. Other Child Feeding. . . . . Total Recipients 7.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	(Thousands) <u>Dollars</u>
7.0	CSM	84	46.4
7.0	SFRO	84	26.8
7.0	Oil	<u>28</u>	<u>25.9</u>
<u>Total Other Child Feeding</u>		196	99.1

C. Food for Work . . . . . Total Recipients 3.0

<u>No. of REcipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	(Thousands) <u>Dollars</u>
3.0	CSM	90	49.8
3.0	SFRO	238	76.0
3.0	Oil	<u>19</u>	<u>12.9</u>
<u>Total Food for Work</u>		347	138.7

D. Pre-School Feeding. . . . . Total Recipients 15.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	(Thousands) <u>Dollars</u>
15.0	CSM	120	66.5
15.0	SFRO	120	38.3
15.0	Oil	<u>26</u>	<u>17.7</u>
<u>Total Pre-School Feeding</u>		266	122.5

E. Pre-School Feeding. . . . . Total Recipients 25.0

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	(Thousands)	<u>Dollars</u>
25.0	CSM	200		110.8
25.0	SFRO	200		63.8
25.0	Oil	<u>44</u>		<u>30.0</u>
Total Pre-School Feeding		<u>444</u>		204.6

COUNTRY: PANAMA

Technical Assistance to Cooperatives

(\$000)

	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>
<u>Grants</u>	-	-	-
<u>Loans</u>			
Rural Cooperative Development Loan (525-0173)*	133	290	-

\*Estimated disbursement for technical assistance and training. Loan terminal disbursement date (TDD) is June 1, 1978.

Country: PANAMA

POTENTIAL OPERATIONAL PROGRAM GRANTS (OPGs)

The Mission in preliminary discussions with PVOs has identified several potential OPGs for FY 78 - FY 79 funding in the areas listed below. Information is not available at this time to prepare PID-equivalent documentation.

<u>Potential OPG Activity</u>	<u>PVO</u>	<u>Estimated Initial FY of Funding</u>	<u>Estimated Life of Project Funding</u>
1. Rural Nutrition-Food Production Programs *	CARE	78	\$200,000
2. Women's Skills Training through Day Care Center Classes	CARITAS/National	78	50,000
3. Community Development Organizing	CARITAS/Coclé Province	78	100,000
4. Training and Incentive Program for Rural Youth to Enter Agricultural Profession	Future Farmers of Panama	78/79	100,000
5. Community Development Project in Indian Areas	Indian Association	79	50,000

\* Pilot projects are currently being evaluated to determine whether proposal replicable as an OPG.

TABLE I  
Program Analysis for the Oral and Condom Supplies Needed to Achieve Full Availability PANAMA

	1976	1977	1978	1979	1980	1981	1982	1983
A. "Full Supply" Analysis -								
1. Married women of reproductive age -	230	237	244	251	259	267	275	283
2. 65% of line A1 (Contracepting women required to achieve replacement fertility)	150	154	159	163	168	174	175	184
3. 30% of line A1 (Contracepting women utilizing orals and condoms)	69	71	73	75	78	80	83	85
4. Annual stock requirements for "full availability"								
a. Orals-0.93xline A3 x 13 monthly cycles	834	858	883	907	943	967	1,003	1,028
b. Condoms-0.07xline A3 x 100 units	483	497	511	525	546	560	581	595
B. Annual New Supply From Non-AID Bilateral Sources								
1. Private Commercial Sector								
a. Orals	472	486	511	526	553	570	587	605
b. Condoms	507	522	548	565	594	613	631	650
2. Other Donors (IPPF, PATHFINDER, FPIA)								
a. Orals	8	8	8	8	8	8	8	8
b. Condoms	50	6	6	6	6	6	6	6
3. Host Country Government Procurement								
a. Orals	56	56	56	50	45	40	35	32
b. Condoms	0	0	0	0	0	0	0	0
4. Total In-Country Stock								
a. Orals	536	550	575	584	606	618	630	645
b. Condoms	557	528	554	571	600	619	637	656
C. Gap to be filled to Achieve "Full Availability"								
1. Orals (line A4a less line B4a)	298	308	308	323	337	349	337	383
2. Condoms (line A4b less line B4b)	+ 74	+ 31	+ 43	+ 46	+ 54	+ 59	+ 56	+ 61
D. AID Bilateral Supply Objectives								
1. Orals	0	600	317	326	337	347	357	368
2. Condoms	1,728	0	61	63	65	67	69	71
E. Total New Supply								
1. Orals (line B4a plus line D1)	536	1,150	892	910	943	965	987	1,013
2. Condoms (line B4b plus line D2)	2,285	528	615	634	665	686	706	727
F. Remaining Supply Gap								
1. Orals (line A4a less line E1)	298	+292	+ 9	+ 3	0	2	16	15
2. Condoms (line A4b less line E2)	+1,802	+ 31	+ 104	+109	+ 119	+ 126	+125	+ 132
G. People Gap								
1. Orals (line F1 divided by 13)	23	-	-	-	-	.2	1.2	1.2
2. Condoms (line F2 divided by 100)	-	-	-	-	-	-	-	-
3. Total (line G1 plus line G2)	23	-	-	-	-	.2	2.5	2.5

(+) Statistics preceded by this sign indicate excess commodities.



**Table 3**  
**AID Bilateral Logistic and Financial Analysis**  
of Condoms  
 -000's-  
 ( units )

PANAMA

A. AID Inventory Analysis	Calendar Year						
	1977	1978	1979	1980	1981	1982	1983
1. Beginning of year stock	*307	266	209	136	65	67	69
2. Add: Scheduled deliveries	-0	0	0	18	107	123	139
3. Less: Expected Use	41	57	73	89	105	121	137
4. End of year stock	266	209	136	65	67	69	71

(\* ) Includes 65,808 from FPIA.

B. Financial Analysis	FISCAL YEAR				
	1978 & 1979	1980	1981	1982	1983
1. CY deliveries (Line A 2 above) (CY = FY)	0	18	107	123	139
2. Estimated cost per gross in FY of purchase	0	125 3.87	743 3.96	854 4.16	965 4.37
3. Estimated total cost for FY	0	\$484	\$2,942	\$3,553	\$4,217

## METHODOLOGICAL ANALYSIS

Line A.1

Source: Departamento de Estadística del Ministerio de Salud de Panamá.

The following population figures are used by the MOH for planning purposes:

<u>Year</u>	<u>Women 15-49</u>
1976	382,720
1977	394,420
1978	406,490
1979	418,950
1980	431,770
1981	445,000
1982	458,350
1983	472,100

These figures correspond to the most recent figures available from the U.S. Bureau of the Census (see U.S. Department of Commerce, Bureau of the Census, Country Demographic Profiles - Panama), and thus are used in this exercise rather than those appearing in Annex A. These figures were multiplied by 60% to derive the number of married women 15-49 years of age. This factor corresponds to the percentage of women in this age group estimated to be married or in union, by the U.S. Bureau of the Census and the Dirección de Estadística y Censo de Panamá (see Panamá en Cifras, Años 1971 a 1975, Dirección de Estadística y Censo, Octubre 1976).

Line A.3.

Preliminary results from the Encuesta Nacional de Fecundidad, conducted in Panama between December 1975 and March 1976 as part of the World Fertility Survey, show that 27.5% of the women interviewed were using orals and 2% condoms (see table 1), or approximately 30% were using these methods. It is anticipated that the proportion of women using these methods will average 30% over the next 5 years. Thus, 65% less 35% using methods other than orals and condoms = 30%.

Line A.4.

The Encuesta Nacional de Fecundidad also showed that 464 women were actually using the pill at the time of the interview and 34 were using condoms (see Table 2). Thus,  $464 \div 498 = 93\%$  and  $34 \div 498 = 7\%$  were using the pill and condom, respectively. It is anticipated that these proportions will remain unchanged over the next 7 years.

Line B.1.

Figures on the Private Commercial Sector were also derived from the Encuesta Nacional de Fecundidad. The following tables were used to calculate cycles of orals and units of condoms that will be dispensed in the private sector:

Orals

<u>Line A.1.</u>	X <u>% Women Contracepting</u>	X <u>%Using Orals</u>	X <u>% Obtaining Orals from Priv.Sec.</u>	X <u>Cycles Per Year</u>
230	49	69.9	46.1	13
237	49	69.6	46.1	13
244	50	69.9	46.1	13
251	50	69.9	46.1	13
259	51	69.9	46.1	13
267	51	69.9	46.1	13
275	51	69.9	46.1	13
283	51	69.9	46.1	13

Condoms

<u>Line A.1.</u>	X <u>% Women Contracepting</u>	X <u>% Using Condoms</u>	X <u>% Obtaining Condoms from Private Sector</u>	X <u>Condoms Per Year</u>
230	49	5.1	88.2	100
237	49	5.1	88.2	100
244	50	5.1	88.2	100
251	50	5.1	88.2	100
259	51	5.1	88.2	100
267	51	5.1	88.2	100
275	51	5.1	88.2	100
283	51	5.1	88.2	100

Because a high percentage of women are already contracepting in Panama these derivations assume a conservative increase in the proportion of eligible women who will be contracepting in Panama over the next 7 years, and that the proportion of women using orals and condoms will remain unchanged. With respect to condoms, it is assumed that the pharmacy will

continue to be the primary source of this contraceptive, and that condoms will be used primarily for purposes other than family planning.

The figures appearing in this section of the Table are comparable with the findings of a study on the commercial sector that was conducted in Panama in 1971 (see "Distribution of Contraceptives in the Commercial Sector of Panama", Westinghouse Population Center, Health Division, Columbia, Maryland, September, 1973). In 1971 295,000 cycles of pills and 388,800 units of condoms were estimated to have been distributed in the private sector. Given the increasing demand for contraceptives in Panama that occurred in Panama during the 1971-1976 period, we feel that the figures we derived for 1976 approximate the market for contraceptives in the private sector for that year. Our estimates for 1977-1983 assume that demand will be directly related to the percentage of couples contracepting and to the growth of the Panamanian population.

Line B.2.

IPPF is the only other off-shore supplier of contraceptives in Panama although supplies have been received on an irregular basis from FPIA in the past. The figures appearing in this section of the table correspond to the commodities that will be imported by IPPF affiliate in Panama, APLAFA. Discussions with the Director of APLAFA, Dr. Julio Lavergne, indicated that APLAFA's program will remain virtually unchanged over the next 7 years.

Line B.3.

The family planning programs of the MOH and APLAFA are the only organized public family planning programs in Panama. The Social Security Institute, which provides medical services to 50% of the Panamanian population, does not have an organized program, but dispenses oral contraceptives to its insured population for both contraceptive and "therapeutic" purposes. We were unable to determine the number of cycles dispensed by this institution in 1976 or obtain projections on the dispensation of oral contraceptives over the next 7 years from Social Security officials who were contacted during the preparation of this table. However, Morris reported that the Social Security dispensed 56,000 cycles in 1974 (see Resource Support Services Report: Panama, dated October 20, 1976) and this figure was used for 1976 through 1978. In 1978 the MOH and the Social Security will be formally integrated and beginning in 1979 it is anticipated that a proportion of the oral contraceptives used in the institute will be AID-bilateral supplies. Thus, it is estimated that the quantity of orals procured by the institute will decrease from 56,000 cycles in 1978 to 32,000 in 1983.

Line C.2.

Statistics preceded by a plus sign (+) indicate excess commodities.

Line D.

This year's format for completing the ABS is a departure from the format used last year in one respect: the eligible population. In 1976 the

eligible population was all women 15-49 years of age; this year the eligible population is married women 15-49 years of age. The rationale underlying this year's format is an improvement over last year's since the 65% appearing in Line A.2. is applicable only to the proportion of married women estimated to be needed to be contracepting to achieve replacement fertility. Thus, last year's estimates of contraceptives commodities needed to achieve replacement fertility and, subsequently, AID's contribution to achieving full supply were grossly over-estimated. Therefore, the instructions for filling out Section D. were followed only for 1976 and 1977 for orals and 1976 for condoms. For the 1978-1983 period for both orals and condoms the Mission's supply objectives were used rather than the figures appearing in Annex B. For 1977 for condoms, a personal communication with Larry Eicher (PHA/POP/LA, AID/W) was used as the basis to determine the number of condoms that the Mission will receive this year: "no shipments".

For each year during the 1978-1983 period, the Mission's supply objective for orals is 10% of married women 15-49 years of age. Thus, the figures appearing in the cells corresponding to these years were derived from the following formula:  $\text{Line A.1.} \times 13 \text{ cycles/year} \times 10\%$ .

For each year during the 1978-1983 period for condoms, the Mission's supply objective is 0.25% of married women 15-49 years of age ( $\text{Line A.1.} \times 100 \text{ condoms/year} \times 0.25\%$ ). This reflects (1) the fact that the private sector has traditionally been the major supplier of condoms in

Panama; (2) the per cent of acceptors and active users in the MOH and APLAFA programs selecting condoms as their method of choice and (3) MOH's plans to emphasize the condom in the future.

#### AID Inventory Analysis - Orals and Condoms

It is the belief of the Mission that minimum stock levels of oral contraceptives and condoms should be maintained in the country at all times. For orals this should be equivalent to 10% of the eligible population and for condoms 0.25%. If the instructions for completing this section of the ABS were followed as written, the desired minimum stock levels for orals could not have been achieved for 1979-1983 and for 1983 for condoms. Thus, shipments of orals requested for 1979 - 1983 exceed the supply objectives appearing in Section D. The end of year stock for orals for the same period is less than the expected use of orals for those years - in part this is an acknowledgement of the efficiency of this Mission's off-shore supplier.

By using the figures from Section D for condoms for desired end of year stock, it is hoped that the current high (relative to demand) stock level of condoms in the country will be depleted before new shipments are received. In addition to the 307,000 units of condoms reported to be in the MOH Central Warehouse in Panama, 1,050,840 units were issued to health centers and posts last year. Family planning service statistics on acceptors and active users reported by these outlets indicate that the demand and thus, the rate of dispensation of these commodities, is very low. Thus, the deliveries projected for 1980 and



REPUBLIC OF PANAMA  
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OFFICE OF POPULATION

NATIONAL FERTILITY SURVEY

TABLE No. 1

WOMEN MARRIED OR IN CONSENSUAL UNIT  
ACCORDING TO CONTRACEPTIVE METHOD FIRST USED  
AND CURRENT METHOD

Method	Women That Used			
	For First Time Number	Percentage	Current Method Number	Percentage
TOTAL	<u>2,113</u>	<u>100.0</u>	<u>1,690</u>	<u>100.0</u>
Pill	1,022	48.3	464	27.5
I.U.D.	102	4.8	101	6.0
Condom	130	6.2	34	2.0
Mechanical or Chemical (1)	139	6.6	65	3.8
Sterilization	<u>69</u>	<u>3.3</u>	<u>808</u>	<u>47.8</u>
Female	69	3.3	798	47.2
Male	0	0	10	0.6
Other	<u>651</u>	<u>30.8</u>	<u>218</u>	<u>12.9</u>
Douche	66	3.1	19	1.1
Rhythm	237	11.2	69	4.1
Coitus Interruptus	196	9.3	81	4.8
Abstinence	104	4.9	39	2.3
Native	48	2.3	10	0.6

(1) Includes: Diaphragm, tablet (foam), jelly or cream and injectables.

Source: Fertility Survey of Panama, December 1975/March 1976.

REPUBLIC OF PANAMA  
 MINISTRY OF HEALTH  
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NATIONAL FERTILITY SURVEY

TABLE No.2

DISTRIBUTION OF WOMEN ACCORDING TO CONTRACEPTIVE METHOD  
 CURRENTLY USED, BY SUPPLIER

Where was Obtained	Total	Current Method			Mechanical or Chemical (1)
		Pill	I.U.D.	Condom	
<b>TOTAL</b>	<u>664</u>	<u>464</u>	<u>101</u>	<u>34</u>	<u>65</u>
Family Planning Clinic (APLAFA)	22	5	8	0	9
Ministry of Health Hospital	25	6	19	0	0
Health Centers of the Ministry of Health	209	140	59	0	10
Social Security Hospital or Clinic	108	99	3	0	6
Private Clinic or Hospital	71	57	12	0	2
Private Drug Store	225	157	0	30	38
Other	4	0	0	4	0

(1) Includes: Diaphragm, tablet (foam), jelly or cream and injectables.

Source: Fertility Survey of Panama, December 1975/March 1976.

REPUBLIC OF PANAMA  
MINISTRY OF HEALTH  
OFFICE OF POPULATION

NATIONAL FERTILITY SURVEY

TABLE No. 3

DISTRIBUTION OF WOMEN ACCORDING TO CONTRACEPTIVE METHOD  
CURRENTLY USED, BY SUPPLIER (1)

Where was Obtained	Total	First Method Used			Mechanical or Chemical (2)
		Pill	I.U.D.	Condom	
<b>TOTAL</b>	<b>1,393</b>	<b>1,022</b>	<b>102</b>	<b>130</b>	<b>139</b>
Family Planning Clinic (APLAFA)	3.2	3.0	12.7	0.0	1.4
Ministry of Health Hospital	3.9	3.3	17.6	0.0	2.2
Health Centers of the Ministry of Health	25.1	28.4	50.0	0.0	5.8
Social Security Hospital or Clinic	15.4	19.5	3.0	0.0	8.6
Private Clinic or Hospital	13.1	13.7	12.7	2.3	18.7
Private Drug Store	36.2	29.6	0.0	92.3	59.0
Other	3.1	2.5	4.0	5.4	4.3

Source: Fertility Survey of Panama,  
December 1975/March 1976.

(1) Not included 651 women that declared other methods like:  
Douches, rhythm, coitus interruptus, abstinence.

(2) Includes: Diaphragm, tablet (foam), jelly or cream and injectables.

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NATIONAL FERTILITY SURVEY

TABLE No. 4

OUTSTANDING CHARACTERISTICS OF THE FEMALE POPULATION  
OF 20 TO 49 YEARS OLD, IN THE REPUBLIC

Characteristics	Total	Sometimes Married or in Consensual Unit			
		Total	Currently Married or in Consensual Unit	Widows, Divorced & Separated	Single
TOTAL	<u>3,701</u>	<u>3,203</u>	<u>2,723</u>	<u>480</u>	<u>498</u>
Sterilized	808	808	706	102	0
Reasons for Contraceptives	666	666	587*	79	0
Other Reasons	142	142	119	23	0
Non-Sterilized	<u>2,893</u>	<u>2,395</u>	<u>2,017</u>	<u>378</u>	<u>498</u>
Pregnant	282	280	268	12	2
Non-Pregnant	2,611	2,115	1,749	366	496
Fertile	---	---	1,670	---	---
Use Contraceptives	----	---	882	---	---
Do not use Contraceptives	---	---	788	---	---
Non-Fertile	---	---	79	---	---

(\*). Includes 10 sterilized men (vasectomy)

Source: Footnotes of Individual Questionnaire on Fertility

--- Data not available

REPUBLIC OF PANAMA  
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NATIONAL FERTILITY SURVEY

TABLE No. 5

DISTRIBUTION OF STERILIZED WOMEN (SURGICAL)  
ACCORDING TO PLACE AND YEAR OF STERILIZATION  
(women married or in consensual unit)

Year	P L A C E					
	Total	MOH Hospital	Social Security	Hospital & Private Clinic	Gorgas Hospital	Foreign
<b>TOTAL</b>	<b>798</b>	<b>630</b>	<b>55</b>	<b>94</b>	<b>14</b>	<b>5</b>
Before 1955	3.9	4.3	0.0	3.2	7.1	0.0
1955-1959	8.9	9.6	1.8	10.6	0.0	0.0
1960-1964	13.0	14.0	1.8	13.8	7.1	20.0
1965-1969	18.5	17.1	10.9	33.0	14.4	20.0
1970-1972	25.1	24.4	40.0	19.1	35.7	20.0
1973-1976	30.6	30.6	45.5	20.3	35.7	40.0

Source: Fertility Survey of Panama,  
December 1975/March 1976

REPUBLIC OF PANAMA  
MINISTRY OF HEALTH  
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NATIONAL FERTILITY SURVEY

TABLE No.6

DISTRIBUTION OF STERILIZED WOMEN (SURGICAL)  
ACCORDING TO PLACE AND YEAR OF STERILIZATION  
(women married or in consensual unit)

Year	Total	P L A C E				
		MCH Hospital	Social Security	Hospital & Private Clinic	Gorgas Hospital	Foreign
<b>TOTAL</b>	<b>798</b>	<b>630</b>	<b>55</b>	<b>94</b>	<b>14</b>	<b>5</b>
Before 1955	31	27	0	3	1	0
1955-1959	71	60	1	10	0	0
1960-1964	104	88	1	13	1	1
1965-1969	148	108	6	31	2	1
1970-1972	200	154	22	18	5	1
1973-1976	244	193	25	19	5	2

Source: Fertility Survey of Panamá,  
December 1975/March 1976

REPUBLIC OF PANAMA  
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NATIONAL FERTILITY SURVEY

WOMEN MARRIED OR IN CONSENSUAL UNIT,  
ACCORDING TO CURRENT USE OF CONTRACEPTIVE METHODS  
December 1975 - March 1976

Contraceptive Method	Number	Percentage
TOTAL	<u>3,203</u>	<u>100.0</u>
Pill	465	14.5
I.U.D.	101	3.2
Diaphragm	5	0.2
Condom	34	1.1
Tablet (foamy)	37	1.2
Jelly or Cream	6	0.2
Abstinence	39	1.2
Female Sterilization	656	20.5
Male Sterilization	10	0.3
Injectables	17	0.5
Other Methods	182	5.7
None	1,651	51.4

Note: The National Fertility Survey indicates that in 5,000 homes surveyed, 3,701 women are between 20 and 49 years old. Of these, 3,203 were married or in consensual unit and 498 were single.

Source: Fertility Survey of Panama, December 1975/March 1976.

Section 102 (d) Narrative

Panamanian statistics for the five Section 102 (d) categories and for other socio-economic indicators are among the best in Latin America. Census and survey data as well as other available records provide reasonably up-to-date information for population growth, infant mortality and employment which is considered to be reasonably accurate although there are problems, mostly conceptual in nature, with rural employment data.

Statistical data on income distribution and small farmer agricultural productivity is less readily available, and less accurate because data for large numbers of subsistence farmers in Panama are limited.

In cases where statistical data and coverage are inadequate, substantial qualitative information already is available or can be derived from data in USAID files (sector assessments, CAPs and PPs) and from published and non-published Panamanian Government sources on the majority of instrumental determinants of Panama's commitment and progress within the Section 102 (d) categories. The major task in this area is to gather and assemble available information in order to place in perspective what has occurred over time.

Where information is deficient for project planning and evaluation purposes, USAID and other donors have financed survey (household, market, agricultural productivity) analyses on an individual project basis. The usual procedure is to contract with the Directorate of Statistics and Census (DSC) of Panama's Controller General for the studies. For example, USAID is financing a detailed agricultural survey in the Tonosí district in planning an Integrated Rural Development Project to obtain information on small farmer agricultural productivity and income; this will serve as a benchmark for project evaluation. With qualifications the data can also serve as indicators for much of

the rest of Panama. A household survey for the central and western regions of the country is contemplated for the Growth and Service Centers Development (URBE) project.

In addition, USAID, OAS and UNDP are providing technical assistance to the Ministry of Planning and Political Economy and other public agencies in socio-economic analysis in conjunction with GOP development activities. One such effort is designed to derive a proxy for income distribution on statistics in the determination of poverty in Panama. The Planning Ministry is applying factor analysis techniques to derive a set of indicators associated with poverty which can be then applied to measure poverty on a district by district level in conjunction with pre-project planning activities under the URBE Project.

In terms of statistical data collection, Mission assistance is primarily financial (to conduct surveys) with specialized technical assistance where needed provided through the U.S. Bureau of Census. A high degree of professional competence in the Directorate of Statistics and Census (DSC) precludes any need for large-scale technical assistance. DSC regularly produces statistics on 40 different topics on an economic, social and demographic nature in addition to carrying out decennial censuses in population, housing, agriculture and other areas.

With regard to analyzing data, the Planning Ministry and other public sector agencies have the in-house technical capability to carry out fairly sophisticated socio-economic analyses and there is adequate computer hardware to do so. The Controller General's Office, where the DSC is located, recently installed an advanced IBM 370/158 system. Other GOP computer facilities are

located in the University of Panama, the Social Security Agency, the Finance Ministry, IDAAN (potable water and sewerage) and IRHE (electricity). The computers are generally used for specialized purposes and their software specifically designed toward those ends. What is lacking in computer software, is package statistical analysis programs. Were these programs to be available, installed and technically operational, the technical staff's in DSC, the Planning Ministry and other agencies could make effective use of advanced statistical analysis and socio-economic analyses using existing socio-economic data.

Finally, we note that the World Bank maintains a comprehensive, consistent, and internationally comparable statistical data bank which is available on computer tape to other international organizations. (See IBRD, World Tables 1976). The majority of Section 102-d indicators are included in some form in this data bank. USAID would wish to explore the feasibility of utilizing this source of statistical information before embarking on a prolonged and potentially very expensive effort to compile a statistical data bank for Panama which is similar in its coverage. In fact, given upgraded computer software, the GOP might well be an appropriate repository for the relevant portions of the World Bank's data set. Such an arrangement would facilitate the completion of the socio-economic analyses referred to above.

COUNTRY: PANAMA

PERIOD COVERED: 10/77 - 9/79

DATE: May 1977

Mission Evaluation Schedule for FY 1978 and FY 1979

Project Title & Number/Subject	Last Evaluation Submission Date	No. of Last PAR	Date of Evaluation Submission FY 78	Date of Evaluation Submission FY 79	Period Covered Next Evaluation	Remarks
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Food and Nutrition

0180 Applied Agr. Research (GC)	-	-	2-78	9-79	10/78-9/79	Operational in FY 78
0173 Rural Cooperative Develop (L)	6/77	-	2-78	-	1/77-12/77	Terminates 6/1/78 (9/78 loan comp.rep)
0178 Grains and Perishables Marketing Systems (L)	4/77	77-2	2-78	-	1/77-12/77	Terminates 12/31/78 (3/79 loan comp.rep.)
0176 Municipal Develop (L)	6/77	-	2-78	-	1/77-12/77	Terminates 3/31/79 (6/79 Loan comp.rep.)
0183 Integrated Rural Devel I (L)	-	-	9-78	9-79	10/77-9/78	Operational in FY78
0185 Integrated Rural Devel II (L)	-	-	-	9-79	10/78-9/79	" " FY 79
0186 Growth & Service Centers Devi(L)	-	-	-	9-79	10/78-9/79	" " FY 79

Education and Human Resources

0164 Training for Develop. (GC)	4/76	76-2	11-77	7-79	5/76-10/77	Evaluation to be done in conjunction with request for project extension
0179 Education Sector II (L)	-	-	2-78	-	4/77-12/77	Annual Loan Review Results to be sent 6/77. Evaluation Scheduled for 9/77. Terminates 3/15/79. (6/79 loan comp. rep

COUNTRY: PANAMA

PERIOD COVERED: 10/77 - 9/79

DATE: May 1977.

Mission Evaluation Schedule for FY 1978 and FY 1979

Project Title & Number/Subject	Last Evaluation Submission Date	No. of Last PAR	Date of Evaluation Submission FY 78	Date of Evaluation Submission FY 79	Period Covered Next Evaluation	Remarks
<u>Population Planning &amp; Health</u>						
0142 Health & Population (GC)	9/76	72-2	11-77	10-78	10/76-10/77	
0181 Rural Health Delivery Systems(L)	-	-	5-78	6-79	10/76-4/78	
<u>OTHER</u>						
0168 Tourism (L)	3/76	-	3-78	-	3/76-2/78	Terminates 2/28/78 (5/78 loan compl rep)
0163 Low Cost Housing (L)	6/76	-	10-77	10-78	6/76-9/77	Terminates 6/30/78 (9/78 loan compl rep)
0118 American Institute of Free Labor Development (AIFLD)	3/76	76-1	10-77	10-78	3/76-9/77	Log frame being revised due to changes in labor law
PL 480 Title II	-	-	10-77	10-78	8/75-9/77	
<u>Housing Investment Guarantees</u>						
Nuevo Chorrillo	-	-	10-78	10-79	10/77-9/78	Operational in FY 77
San Miguelito	-	-	10-78	10-79	10/77-9/78	Operational in FY 77

In order to meet the special needs of our Mission, we "revised" and/or "modified" the PAR system based on a series of questions which we asked ourselves:

1. In what specific ways has the design/evaluation system Agency-wide and/or in the Mission contributed to your programming or project design work?

Until very recently the evaluation and project design systems were two separate and distinct entities with little or no feedback from one to the other. Quite often these two functions are carried out by different offices within the Mission. More often than not the separate processes are perceived as "paper exercises" to fulfill AID/W requirements. We have attempted to correct these deficiencies within the past nine months by initiating a series of actions modifying our Mission evaluative process. First, the Deputy Director was designated the Mission Evaluation Officer. Second, we are seeking to build new PID s insofar as we can, as "natural evolutions" from the in-depth evaluation of on-going projects in that sector. Third, the AID/W Project Appraisal Report system was modified on a project-specific basis to include more narrative information of specific use in project design.

2. In what ways is the present design/evaluation process not sufficiently demanding - or in what ways is it excessively demanding?

The present evaluation process is not sufficiently demanding in practically all major implementation aspects. The PAR and PPT formats focus on the "mechanics" of project implementation. Under the present system it is possible for a project to have met all PPT CPI s and have a good PAR rating while in fact the project may be in great difficulty. Problems are not specifically dealt with because the numerical rating system does not trigger substantive explanations of the why's - when's - whom's - and what for's of project design and implementation. For example, there is no actual critical evaluation of the language and format of ProAgs, Loan Agreements, PP s, etc. A poorly written loan agreement could (and often does) cause substantial implementation problems. Yet, this is not brought out in the evaluative process in such a way as to avoid similar problems in other projects. There is no systematic feedback from the outputs of one project into the inputs of another project. The evaluation/design system is essentially a closed circuit on a project-specific basis.

The system is excessively demanding in focusing on the mechanics of implementation and not sufficiently demanding in focusing on the substance of design. We do not deal adequately with the inner workings, hidden mechanisms and human factors of project design and implementation.

3. Does the present design-evaluation process routinely produce useful results?

No! The results are generally not useful nor are they routinely produced. The present process is essentially an exercise designed to satisfy an AID/W requirement. Since the information derived from meeting this external requirement is often used to second-guess the Mission, it does not promote complete disclosure and a genuine analysis of problems/issues.

4. If it were not required by AID/W, would you continue evaluating projects?

Yes, definitely! Evaluation is an essential part of project design and implementation. It is necessary in order to not only monitor implementation but to maintain our perspective on reality and to insure an input into the design of subsequent new projects.

There is universal Mission agreement on the need for evaluation. The disagreement is on the format and the timing that is imposed from AID/W. These elements need to be project and country-specific within general (not specific) guidelines set by AID/W. The Mission need more flexibility in this area.

Staff

5. Was the AID/W Evaluation/useful to the Mission in establishing the evaluation program, training people, etc.?

No. The theoretical training was certainly helpful, but it has been efforts by Mission personnel that have begun to transform theory into a useful programming and operational tool.

6. Does the Mission require assistance in the design/evaluation process which AID/W has not been able to furnish?

Not at this time. AID/W has been responsive to Mission needs in project design. We have not called upon AID/W for assistance in project evaluation. We have been working on our own adaptation of the standard Agency evaluative process. Perhaps when we review our experience after we complete our current cycle of evaluations, we may call on AID/W cooperation in appraising the results and our feedback system.

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The results from our Marketing Loan/evaluation have been most positive. The same is true of the two evaluation which we are about to complete. The most important aspects of our evaluation system is not the final written report but the joint AID-GOP evaluative process. The process has brought the AID personnel and their GOP counterparts together on a daily-weekly basis for the entire evaluation perio- which in some cases has been 4-5 months. Our process is people-oriented and results in improved inter-personal relationships. These relationships, in turn, have provided the basis for (1) implementing the recommendations of the evaluation; (2) modifications of the project as required by the realities of the situation as of the date of the evaluation; and (3) improved implementation of the project after the evaluation.