Development Alternatives, Inc.

Differing Agendas: The Politics of IRD Project Design in Panama

IRD Field Report

By: David Gow, John Bishop, Edwin Charle, Robert Hudgens, Joseph Recinos, Humberto Rojas

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Development Alternatives, Inc. 624 Ninth Street, N.W. Washington, D.C. 20001

PREFACE

In April 1981 Development Alternatives (DAI) was asked by USAID/Panama City and the Government of Panama (GOP) to field a team to help reprogram a loan originally approved for an earlier, but unfortunately abortive, IRD project in the area of Tonosi. For six weeks, beginning in early May, DAI worked closely with a GOP design team and produced a lengthy document, virtually a mini-project paper, entitled El Projecto de Desarrollo Rural Integral del Sur de Veraguas. This document was produced for USAID/Panama City and served as the basis for the project review process in Washington.

As most development practitioners are well aware, such documents are produced for very specific ends with a rather limited audience in mind. As such, they are rarely very readable nor particularly instructive. The purpose of this somewhat shorter report is to deal realistically with the process of project design in a highly charged politicaly climate and draw out some insights from the experience.

The fact that this redesign effort ever became a reality is due primarily to four people: Lic. Darinel Espino of the Ministry of Planning and Political Economy, coordinator of the GOP design team, who with his passion and belief in the feasibility of this project--inspired us all; Ing. Luis Olmedo Castillo, coordinator from the Ministry of Agricultural Development, who demonstrated the keen interest of his ministry in seeing this project through to fruition; Frank Miller, AID loan officer, who single handedly attempted to coordinate the various players and imbue them with his optimism for this project; and, finally, Ing. Domingo Marte, who served as a consultant to the GOP team. Through his crucial role as intermediary, he was really the unsung hero of this whole drama.

The DAI team consisted of six people: David Gow (team leader/IRD specialist), Edwin Charle (economist), Robert Hudgens (tropical agronomist), Joseph Bishop (veterinarian/livestock specialist), Joseph Recinos (agribusiness specialist), and Humberto Rojas (sociologist). The views expressed here are those of the DAI team which bears full responsibility for them.

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TABLE OF CONTENTS

	Page
PREFACE	i
SECTION ONE	
THE IRD EXPERIENCE IN PANAMA	1
INTRODUCTION	1
THE DESIGN OF TONOSI	1
RESPONDING TO THE LESONS OF TONOSI	3
Interinstitutional Conflict	3
Lack of Participation	4
Land Redistribution	4
SECTION TWO	
THE PROJECT AREA: THE DYNAMICS OF A SHIFTING CULTIVATION/CATTLE RANCHING COMPLEX	7
INTRODUCTION	7
EVOLUTION OF THE SHIFTING CULTIVATION/CATTLE RANCHING COMPLEX	7
Extraction Phase	11
Expulsion Phase	11
Exhaustion Phase	13
LAND TENURE	13
FARMING SYSTEMS	16
HUMAN RESOURCES	17
INFRASTRUCTURE	18
POLITICAL OGANIZATION	18
A PROFILE OF THE BENEFICIARIES	20
Precaristas and Minifundistas	22
Small Farmers	22
Medium Farmers	23
Asentamientos	23
SECTION THREE	
PROJECT COMPONENTS	25
INTRODUCTION	25
AGRICULTURE	25
LIVESTOCK AND FORESTRY	28
AGRIBUSINESS	29
Honey Exraction, Processing, and Production of Equipment	29
Deep Sea Shrimp and Fish Production	30
INSTITUTIONAL CAPACITY BUILDING	30
Organizational Structure	30
Meshing Institutions and Participation	34

SECTION FOUR
DIFFERING AGENDAS IN PROJECT DESIGN:
SOME PERTINENT INSIGHTS 37

INTRODUCTION 37
POLITICAL, ECONOMIC, AND ENVIRONMENTAL
CONSTRAINTS 38
Political Opposition 38
Pricing Policies 39
Environmental Degradation 39
ORGANIZATION PLACEMENT AND LINKAGES 39
DECENTRALIZATION AND PARTICIPATION 40
DIFFERING AGENDAS 41
SUSTAINING PROJECT BENEFITS 44

NOTES 47

BIBLIOGRAPHY 49

LIST OF TABLES

Table	Title	Page
1	Expansion of the Sector in Sona, 1950-1980	12
2	Human and Cattle Population in Sona and Quebrada de oro, 1950-1970	14
3	Land Distribution By Farm Size, 1950 - 1970	15
4	Preliminary Budget for the Sona IRD Project	26

MISSING PAGE

NO. vi

LIST OF FIGURES

Figures	Title	Page
1	Deforestation in Panama, 1600-2000	10
2	Proposed Institutional Structure for the IRD Project	32
3	Proposed Structure of Beneficiary Participation in the IRD Project	33
4	Proposed Organizational Chart for the IRD Project	35

MISSING PAGE

NO. viii

LIST OF MAPS

Maps	Title	Page
1	Geographical Location of Sona	8
2	Road Network and Population Distributions in Sona	19
3	Subdistrict s of Sona	21

SECTION ONE
THE IRD EXPERIENCE IN PANAMA

INTRODUCTION

Traditionally, development in Panama has been concentrated along the transit corridor bordering the Canal where the majority of the population lives. Over the past decade, however, the government has made conscientious efforts to redress the growing disparity between rural and urban standards of living. This new emphasis has been demonstrated by increasing allocation of resources for rural education, health, sanitary facilities, roads, power, and communication.

However, the GOP has limited resources. Hence, the decision was taken to select various areas in the country for a more intensive, integrated approach to the problems of rural poverty. While this will be the first intergrated rural development (IRD) project in Panama, the concept of IRD is not a new one to Panama. In fact, IRD has been an important element in national planning since the mid-1970s. One attempt has already been made to implement an IRD project, that of Tonosi, which ended in failure. The purpose of this section is to briefly describe and analyze the lessons of Tonosi and the extent to which they have been incorporated into the design of this IRD project for the Sona district of southern Veraguas Province.[1]

THE DESIGN OF TONOSI

In 1974, the Government of Panama (GOP) created a temporary task force within MIPPE (Ministry of Planning and Political Economy) called PRINDERA charged with indentifying areas in Panama which could benefit from an integrated development approach. Ten areas were selected on the basis of various socioeconomic indicators--including health, literacy levels, income, and housing conditions. Tonosi was selected from this list for AID financing of an IRD project. Over the next two years both PRODIAR (the successor to PRINDER) and AID worked on the design of the Tonosi IRD project which was finally approved in Washington in the summer of 1977.

Certain facts concerning this design effort are worth pointing out. First, the process of project identification to project approval took a long time--over two years. Second, an enormous number of people were involved in the design effort: the Tonosi project paper lists a total of 92. Third, throughout this period there was a rather uneasy relationship between MIPPE and MIDA (Ministry of Agricultural Development)--between the planners and the implementers.

The basis of this interinstitutional conflict was two-fold. By definition, a ministry is interested in expanding its power and authority. In the case of Tonosi, both MIPPE and MIDA wanted to be the key players. While it appears that MIDA did not make--or felt it was not permitted to make--a significant contribution to the design and planning of the project, it was finally given the overall responsibility for coordination and implementation at the project level. The other basis for this conflict was ideological: MIDA wanted to work primarily with asentamientos (land reform enterprises) while MIPPE preferred to work with a broader cross-section of the local population.

A fourth point related to the design was the fact that there was little dialogue with the local population in Tonosi. The design that emerged was more "top-down" than "botton-up" and was to have serious implications for the implementation of the project.

As a result of these various factors the final design that emerged called for a rather ambitious, complex project which included just about everything from agriculture and land redistribution to pilot project development and institution building. From a reading of the project documentation, it is unclear how these various elements would fit together and how the project would be effectively coordinated. The Tonosi project is alarmingly vague on the latter point:

> The greatest institutional uncertainties are inherent in the quality of the field implementation apparatus. The relative success of the Tonosi project will probably have an important bearing on the degree to which the IRD program will continue to receive full political as well as external financial support. Its success will depend in very large measure on one person: the area coordinator.

For a project design to create the institutional capacity to design and implement IRD projects, this is a rather contradictory statement. What happens to this capacity if a project relies almost exclusively on its own superman (Toth and Cotter, 1978).

What happened in Tonosi is now history. MIDA was unable to effectively implement the project because of local opposition which eventually resulted in a violent confrontation in which a national guard was shot and killed.

The project was abruptly terminated. The reasons for this failure are not hard to find:

- Interinstitutional conflict between MIPPE and MIDA;
- Lack of participation by local population in project design; and

- A land redistribution component which was unacceptable.

In this redesign effort, all three factors have been given serious consideration.

RESPONDING TO THE LESSONS OF TONOSI

Interinstitutional Conflict

Two important, powerful institutions like MIPPE and MIDA--both working on the same project (with the possibility of working together on several more IRD projects in the not too distant future)--are never going to coexist in peaceful harmony. Given their shared interests, there is bound to be a permanent element of what can be termed "healthy tension." The only way such tension can be kept within tolerable limits is to establish the lines of authority and areas of responsibility that are acceptable to both ministries before implementation begins. If this is not done, then the responsibility of repeating Tonosi is great.

In the design of this project, MIPPE and MIDA have worked harmoniously together though the issue of who is responsible for coordination at the project level remains somewhat in a legal limbo. The supreme decree creating PRODIAR gave this responsibility in Tonosi to MIDA chiefly for political reasons. While it appears that decisions have been made at the highest levels to the effect that MIPPE will have the coordinating responsibility this time round, legislation must still be introduced to make this law even though the 1973 law creating MIPPE does give it this responsibility, at least in theory.

MIPPE--rather than MIDA--should have this coordinating responsibility at the project level for the following reasons:

- MIDA tried unsuccessfully to coordinate the Tonosi project;
- MIDA has little experience in coordination activities;
- To date MIDA has worked almost exclusively with asentamientos in the project area; and
- There would be no balance of power at the project level; instead of an IRD project, it would become a MIDA project.

For these reasons the project has been designed to ensure that there is a strong MIPPE presence in Sona. The ministry is to be responsible for coordinating the various participating agencies and complementing their activities wherever and whenever necessary.

Lack of Participation

The design team has spent a considerable amount of time talking with the various groups who will be involved directly or otherwise--in the project: the landless, small farmers, medium farmers, large farmers, asentados (land reform beneficiaries), local businessmen and politicians, the National Guard, the governor, and other government agencies responsible for implementing specific components of the project. Sincere efforts have been made to include the suggestions and recommendations of these various groups into the project design. Hence, it is fair to say that such efforts have generated a lot of local support for this project. In addition, the project has generated strong support from the highest levels. The fact that General Torrijos himself is from Veraguas has also helped. In addition the President of Panama has visited the area on more than one occasion which has given a significant boost to the project.

Land Redistribution

When it was first announced that an IRD project would be implemented in Sona, rumors began circulating that it would include a land reform component and would be directed primarily towards the southern part of the district, where the heaviest concentration of asentamientos is found. The heaviest concentration of land in the hands of large landowners is also found there. Needless to say, they were the most vocal opponents of the project. Their fears, however, were proved groundless by a visit from the president to the project area in February 1981. He promised the local population two things:

- There would be no land reform; and
- The project would aid the whole district and not just the southern part.

The larger landowners and more prominent members of the private sector have no basic disagreement with the project if it genuinely tries to meet its objectives of providing goods and services to small and medium farmers. They fully realize that this project, if successful, will work directly in their interests. First, they are well aware that it can help alleviate some of the existing social pressure in the area, exacerbated by increasing land concentration and increasing landlessness. If this pressure is not alleviated, then the potential for social conflict will increase accordingly. The lessons of Nicaragua, El Salvador, and Guatemala have not gone unheeded. Second, this group will derive several direct economic benefits from this project including roads, soil conservation and reforestation techniques, as well as the sale of livestock to credit beneficiar-

ies. Finally, they will have the opportunity to participate directly in the project if they so desire both by electing a member of the Provincial IRD Commission (a promise made to them by the president) and by participating in the agribusiness activities to be financed by the project.

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SECTION TWO
THE PROJECT AREA: THE DYNAMICS OF A SHIFTING CULTIVATION/CATTLE RANCHING COMPLEX

INTRODUCTION

This section will present an overview of the project area and offer a summary description of the intended beneficiaries of this IRD project. Specifically, this section examines the evolution of the shifting cultivation/cattle ranching complex, existing land tenure patterns, farming systems, human resources, infrastructure, and political organizations and concludes with a profile of the direct project beneficiaries.

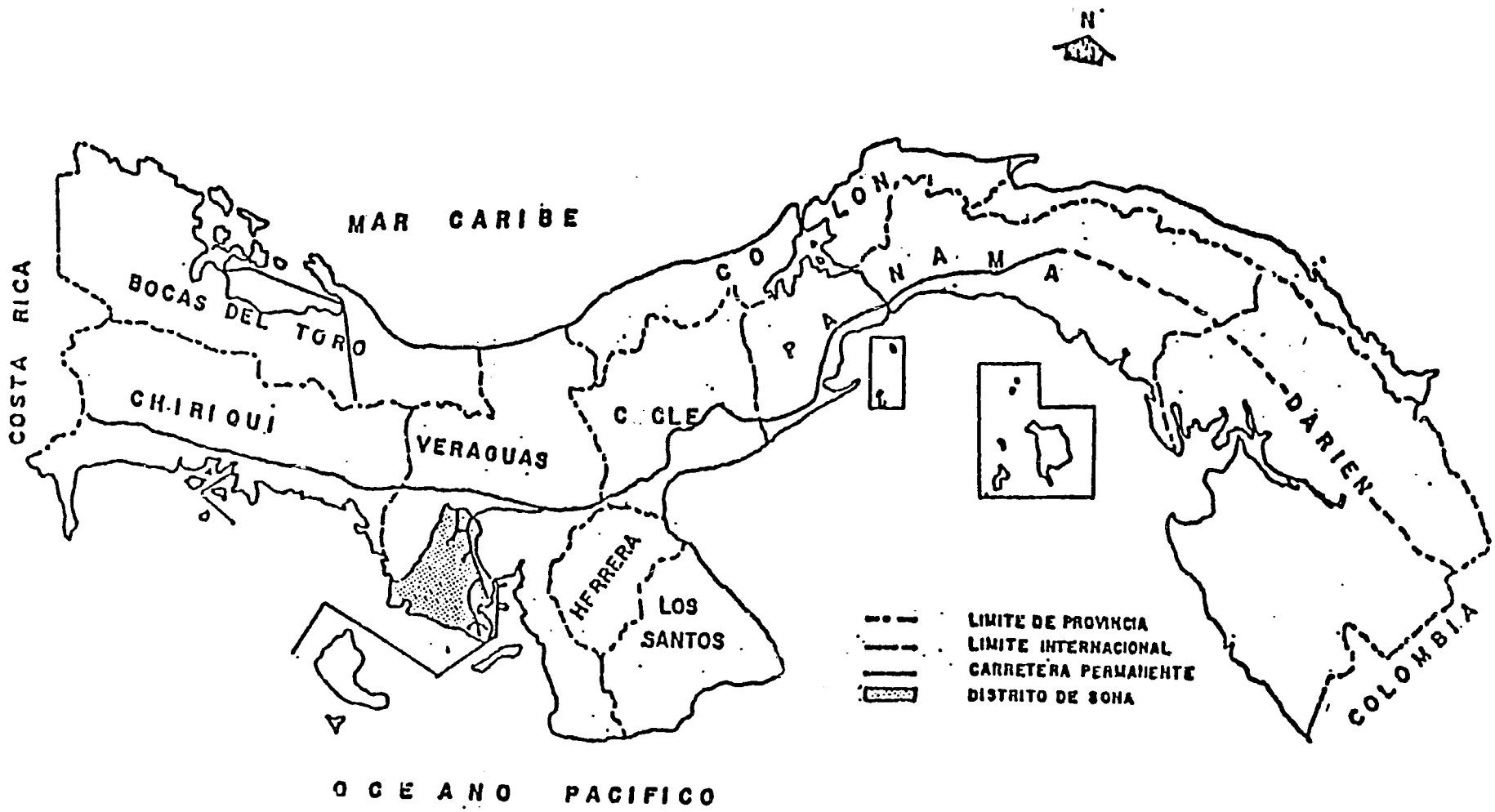
EVOLUTION OF THE SHIFTING CULTIVATON/CATTLE RANCHING COMPLEX[2]

The project area, located in the district of Sona in the southern part of Veraguas province in western Panama, covers an area of 148,000 hectares (see map 1). The topography is broken and uneven. An area of humid tropical forests, it has been undergoing a steady process of colonization and deforestation over the past 40 years. This process of deforestation has been giving way to extensive cattle development. The colonizer is usually a slash and burn farmer who clears forest lands and plants food crops for one or two seasons. The fertility of the soil is quickly depleted by erosion and oxidation of organic matter so that he must shift his food crops to a new clearing. Most often the colonizer lacks capital to buy cattle and therefore plants the cleared land with faragua grass.[3] Before migrating again, he sells the usufruct rights to ranchers who then use the land for extensive cattle grazing.

In the Sona district, colonization has recently come to an end as there are now no free lands available. Most of the former areas of humid tropical forest have been replaced by pastures for extensive cattle ranching. There now exists a new migration pattern towards either the urban centers or the "Last Frontier" on the Caribbean coast and Darien.

Not only is the limit of the shifting agriculture/cattle frontier being quickly reached, but degradation of already "developed" lands from inappropriate land use management is reducing existing potentials. As an indicator of this general phenomenom, the land area in forests and food crops is beginning to decline while extensive pasture land continues to increase.

Map 1. Geographical Location of Sona



Cattle management practices are also deficient. By far the most serious problem facing cattle development, however, is the alarming rate of soil deterioration and weed invasion which is critically decreasing yields per hectare (stocking rates) precisely as maintenance costs per hectare are increasing (labor cost for weed control). Today many of these pastures cannot be economically maintained and are being abandoned.

Cattle ranching in Sona is technologically simple, and its massive increase in the present century has been achieved largely by expanding horizontally towards the humid forest frontiers. It is quite feasible that within the next two decades Panama will exhaust most of its forest reserves, given the intensity of colonization and the vast scale on which the tropical forest is being transformed into extensive "downhill" pastureland at high social and ecological costs (see figure 1).

Understanding the evolution of this ranching complex and the forces that have contributed to its massive increase requires looking beyond local events to the relationship between the district and the wider national socioeconomic system. The unprecedented growth of the ranching complex in the present century has been a direct result of:

- The construction of the Panama Canal (1904-1914) which caused sharp increases in beef demand and greatly stimulated the change from subsistence agriculture to commercial ranching. The heavy increase in U.S. defense spending during World War II to protect the canal caused an even greater beef demand;

- The expropriation of communal lands by the new Panamanian central government in the first decade of the 20th century and their sale to individuals led to the rapid enclosure of large tracts of land;

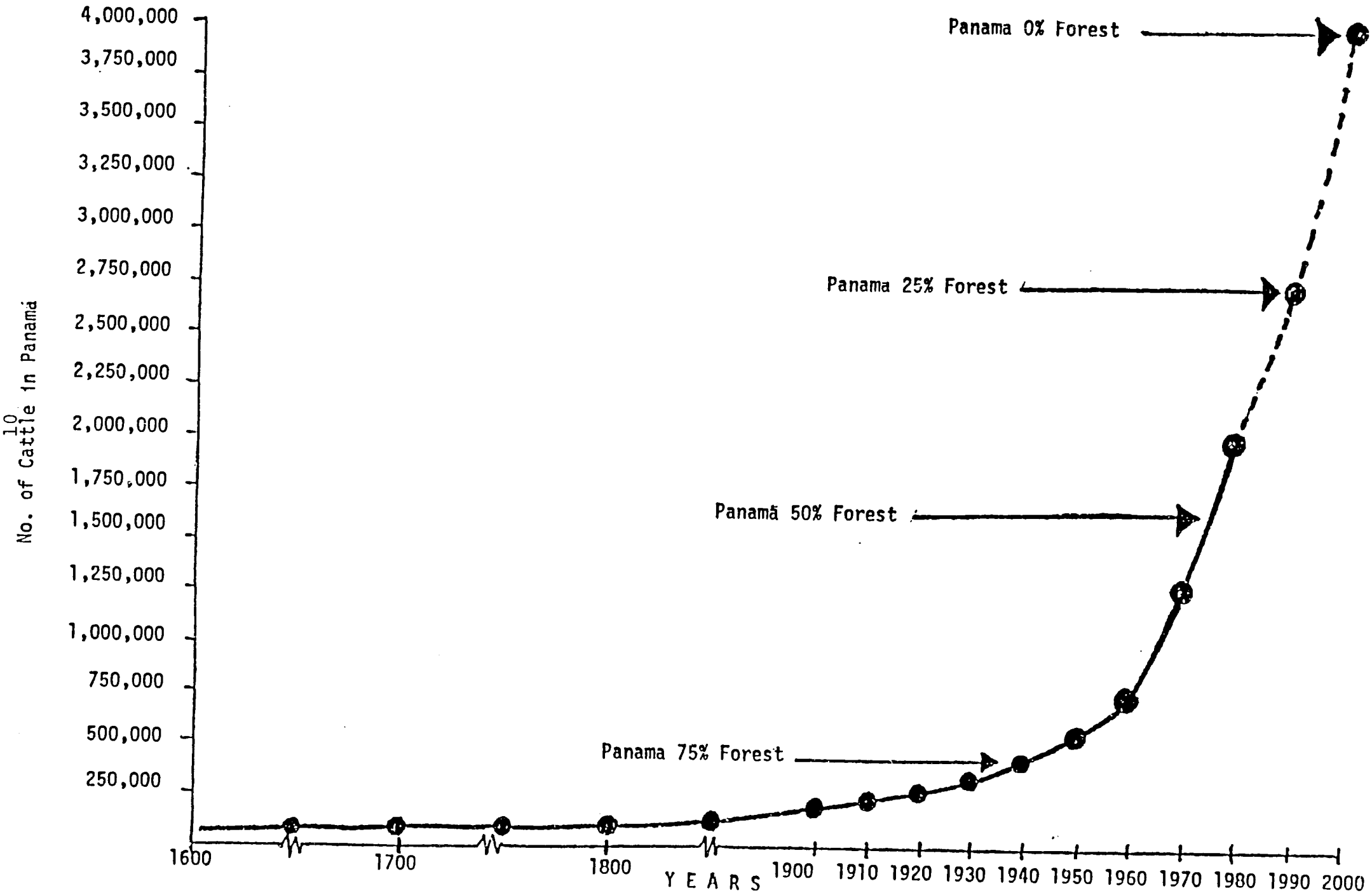
- The introduction of faragua grass allowed ranching to break away from the drier native savannas (along the Pacific coast between Panama and the Azuero Peninsula) and penetrate the wetter forested regions first throughout the western Pacific coast regions, like Sona, and presently on to Panama's last frontier, the Caribbean coast and Darien;

- The introduction of wire fencing;

- The introduction of Cebu cattle; and

- The introduction of health and sanitary innovations. With the sharp decrease in mortality, a demographical revolution took place. The population of the Sona district doubled between 1940 and 1960, though in-migration was a contributing factor.

Figure 1. Deforestation in Panama, 1600-2000



The colonization of Sona can be divided into three stages, first an extraction phase from 1940, when small farmer colonization began in earnest, until roughly 1960 when in-migration ceased. The second stage was an expulsion phase, when free land was no longer available, natural resources had been extensively depleted, and the socioeconomic system of the small farmer showed severe signs of stress. This culminated in the intensive expulsion of the small farmer towards other, newer frontiers of settlement. The third and final stage now beginning is an exhaustion phase, when low cattle stocking rates no longer equal labor costs for weed control. The rancher then resorts to burning, which further degrades the soil, until the land--for all practical purposes--is completely degraded.

Extraction Phase

The extraction phase was the most dynamic period of colonization as many small farmers moved into the region within a short period of time. In 20 years the population doubled--from 10,975 in 1940 to 19,372 in 1960. Free lands were still available and privately held ones could be purchased at low prices. Table 1 shows the expansion of the ranching system in Sona between 1950 and 1980.

Expulsion Phase

The second stage in the colonization was the phase, marked by the privatization of all the free, available expolsion lands which took place in Sona in the early 1970s. Migration into the area ceased, and there was a rapid shrinkage in the availability of natural resources, forest in particular. Primary forest quickly disappeared and secondary formation survived only in the steepest, most isolated parts of the region. Forests were turned into pastures until the whole landscape became one enormous potrero or pasture of seeded grass. The pastureland cannot be sustained and runs a "downhill" course.

The destruction of the forest, however, poses more than ecological problems as it threatens the viability of the small farm and thus of the farm family. Without forest, the farm family cannot plant the key slash and burn crops (rice, corn, and beans), that form the basis of the family diet. This crisis of the subsistence agricultural sector has deep repercussions on the whole small farm society of the frontier. The end result is a massive expulsion of the small farmers from this recently colonized area to new, more distant frontiers where the cycle is repeated once more.

Table 1. Expansion of the Sector in Sona, 1950-1980.

Year	No. of farms with cattle	Total no. of cattle	Total area with pastures (has.)	Total area with forest (has.)
1950	657	15,158	15,427	67,736
1960	659	26,816	31,458	29,206
1970	865	52,023	51,183	15,292
1980	n.a.	125,623	n.a.	n.a.

Source: Agricultural census of 1950, 1960, and 1970. The 1980 data were provided by MIDA.

Exhaustion Phase

The last stage is the exhaustion phase when cattle stocking rates no longer equal labor costs for weed control. The rancher then resorts to burning which further degrades the soil until the land, for all practical purposes, is completely degraded. This process can happen in a time span of 60 to 80 years. Quebrada de Oro, one of the subdistricts of Sona, located on the old Inter-american Highway just outside the district capital, is one of the oldest cattle areas in the district and has the least amount of forest land (5.1 percent) of any of the subdistricts. Table 2 gives a clear indication that Quebrada de Oro is now showing early signs of this exhaustion phase.

LAND TENURE

The district of Sona is characterized by a highly skewed distribution of land--as demonstrated in table 3. In 1970, 45.1 percent of farms with an average extension of 2.9 hectares occupied 4.6 percent of the land while 17.0 percent with an average extension of 108.1 hectares, occupied 64.0 percent of the land. Unfortunately, the available census data do not include farms over 1,000 hectares. There are several families in the project area who own farms of over 1,000 hectares, which are given over to intensive rice production and extensive cattle raising. With their inclusion, land distribution would be even more skewed.

Over the years there has been an increasing concentration of land as the small farmers have been forced to sell out and become landless laborers precaristas, urban migrants, or colonists on Panama's last frontier on the Caribbean Coast and in Darien. During the period from 1950 to 1970, the number of farms with less than 10 hectares dropped by 35.7 percent--from 1,815 to 1,291. In the same period, farms between 10 to 50 hectares increased 261.2 percent (from 415 to 1,084) and those from 50 to 1,000 hectares. increased 675 percent (from 72 to 486). The indications are that this process of squeezing the small farmer out has continued throughout the 1970's and will continue into the future unless something can be done to halt it.

A partial solution to this problem has been the creation of asentamientos or agrarian reform enterprises: collective farms created by the state on national lands to provide resources to the landless. In Sona, there are presently 28 asentamientos with a land base of 11,605 hectares and a total population of 613 families. The asentamientos are heavily mechanized, capital intensive enterprises given over primarily to the cultivation of rice, and the raising of livestock. To date, their performance has been mixed--particularly in terms of their managerial capability and, in some cases, their economic viability.

Table 2. Human and Cattle Population in Sona and Quebrada de Oro, 1950-1970.

Year	Sona		Quebrada de Oro	
	Cattle	People	Cattle	People
1950	15,158	19,372	689	1,205
1960	26,816	22,568	2,008	1,046
1970	52,026	23,583	2,052	913

Source: Direccion de Estadistica y Censo, Panama.

Table 3. Land Distribution By Farm Size, 1950 - 1970

Size (ha.)	1950 No. of Farms	1950 Area (ha.)	1960 No. of Farms	1960 Area (ha.)	1970 No. of Farms	1970 Area (ha.)
1 - 9.99	1,815	6,351.9	1,618	6,011	1,291	3,732
	(78.8%)	(28.1%)	(58.4%)	(9.5%)	(45.1%)	(4.6%)
10.0 - 49.9	415	7,576.3	833	17,675	1,084	25,791
	(18.0%)	(33.5%)	(30.1%)	(27.8%)	(37.9%)	(31.4%)
50 - 999.9	72	8,667.4	318	39,821	486	52,544
	(3.1%)	(38.4%)	(11.5%)	(62.7%)	(17.0%)	(64.0%)
Total	2,302	22,595.6	2,769	63,507	2,861	82,067

Source: Agricultural Censuses of 1950, 1960, and 1970

As Heckadon (1977:16-17) has pointed out, it would seem that the concepts and values associated with the asientamiento model, such as intensive mechanization economies of scale, collective ownership of land, and intensive use of commercial credit, are at odds with the achievement of the model's goals, both social and economic. However the asentamientos have served an extremely important function by providing goods and services to the landless. Much of MIDA's work in Sona has been with these enterprises.

FARMING SYSTEMS

Two distinct farming systems exist in the project area. The first involves shifting cultivation on small and medium size holdings of less than 50 hectares where the topography is predominantly hilly. The second is found on the flat lands where mechanized, capital intensive agriculture is practiced either on large holdings or on asentamientos.

The shifting agriculturalist fells and burns the forest to provide a site for his crops, frequently using a mixed cropping system for one or two seasons, followed by an indefinite fallow period of five to eight years. The length of this fallow period is dependent upon population pressures on the land. However, it has been observed that after the second or third cropping cycle (approximately 20 years), the small farmer has reached the point of diminishing returns. Since soil fertility has become so low, the farmer frequently converts the land to pasture, sells it, and migrates to new lands in Darien to repeat the same process.

In the case of medium farmers, those with an average of 25 hectares, many practice a mixed subsistence crop/cattle production system. However, pastures established on soils which have already been exhausted by shifting agriculture will only support extensive grazing. Large landowners, then, have a comparative advantage in cattle production over medium farmers. Consequently, as the carrying capacity of pastures drops, fewer animals can be maintained, soil erosion becomes more apparent, and these farmers are forced to depend more and more on off-farm employment--or sell out.

The underlying assumption of the asentamiento is that once land tenure is secured and collective holdings are commercialized through the introduction of technological packages developed for capital intensive production, family income and employment will be increased. Unfortunately, transferring technical and managerial skills to the members has not been as easy as anticipated. The result has been a heavy dependence on government technicians for managerial and operational decisions. Instead of developing self-reliance on the part of members to manage their own

enterprise, the heavy indebtedness brought on by restructuring small farmer agriculture according to this model has led to what are basicially state run farms.

As mentioned earlier, most of the technical assistance provided by MIDA in Sona has gone to the asentamientos. In addition, the asentamientos have also received the lion's share of BDA (Agricultural Development Bank) credit disbursed in Sona: 68.3 percent in 1979 and 75 percent in 1980. During the period from 1976 to 1981, only 6.7 percent of BDA loans went to farmers with less than 10 hectares, while 30.9 percent went to those with up to 50 hectares. However, it should also be pointed out that over this same period the BDA averaged only 150 loans a year.

HUMAN RESOURCES

According to the 1980 census, Sona now has a population of 23,583 people, only a slight (4.3 percent) increase over its 1970 population of 22,568. Hence, the population stabilized at the end of the heaviest period of in-migration. Over the 20-year period, 1960 to 1980, the population increased by 21.7 percent an annual growth rate of just over one percent. What these figures indicate is the existence of a steady stream of out-migration--to Sona itself; to Santiago, the provincial capital; to Panama City, and to Darien.

According to the 1980 census, 63.4 percent of the economically active population is engaged in agriculture--approximately 3,000 families. A large percentage of these families will be direct beneficiaries of this project. As a result of diminishing resources on the one hand and lack of effective technical assistance on the other, income levels are extremely low. Off-farm employment opportunities are limited to working as day laborers for larger farmers and seasonal employment in a sugar mill.

Accurate income figures are not available. A 1978 AID study estimated that a rural family required an income of $304 per capita to barely provide for a family's basic needs in Panama. A per capita income of $160 was defined as extreme poverty, the level at which a family was in no way able to provide for food, clothing, or housing at adequate levels. The per capita income for the rural population of Veraguas, including Sona, was estimated at $151.25 (U.S. Agency for International Development, 1979).

Other socioeconomic indicators substantiate the widespread poverty in the area. While literacy levels improved from 47.2 percent in 1970 to 59.7 percent in 1980, they remained low when compared with the national average of 79.3 percent. While significant advances have been made in education over the past decade, 31.3 percent of the population over seven years of age had no schooling whatsoever, according to the 1980 census.

In the area of public health, there are 1.7 doctors per 10,000 people--compared with the national average of 8.5 per 10,000. Results of a 1978 malnutrition survey at the provincial level indicated that a large proportion of the population (79 percent of 1-4 year olds and 70 percent of 5-17 year olds) were malnourished. Malnutrition was particularly severe among the 1-4 year old group; 29 percent were found to be in second degree malnutrition and 5 percent in third (U.S. Agency for International Development, 1979:15). In terms of housing in Sona in 1980, 49.5 percent of houses have no drinking water, 45.9 percent had no toilet,and 71.5 percent still had only an earth floor.

In sum, the rural population of Sona demonstrates all the characteristics of the rural poor found throughout the developing world: low income, low educational level, low nutritional level, and heavy out-migration.

INFRASTRUCTURE

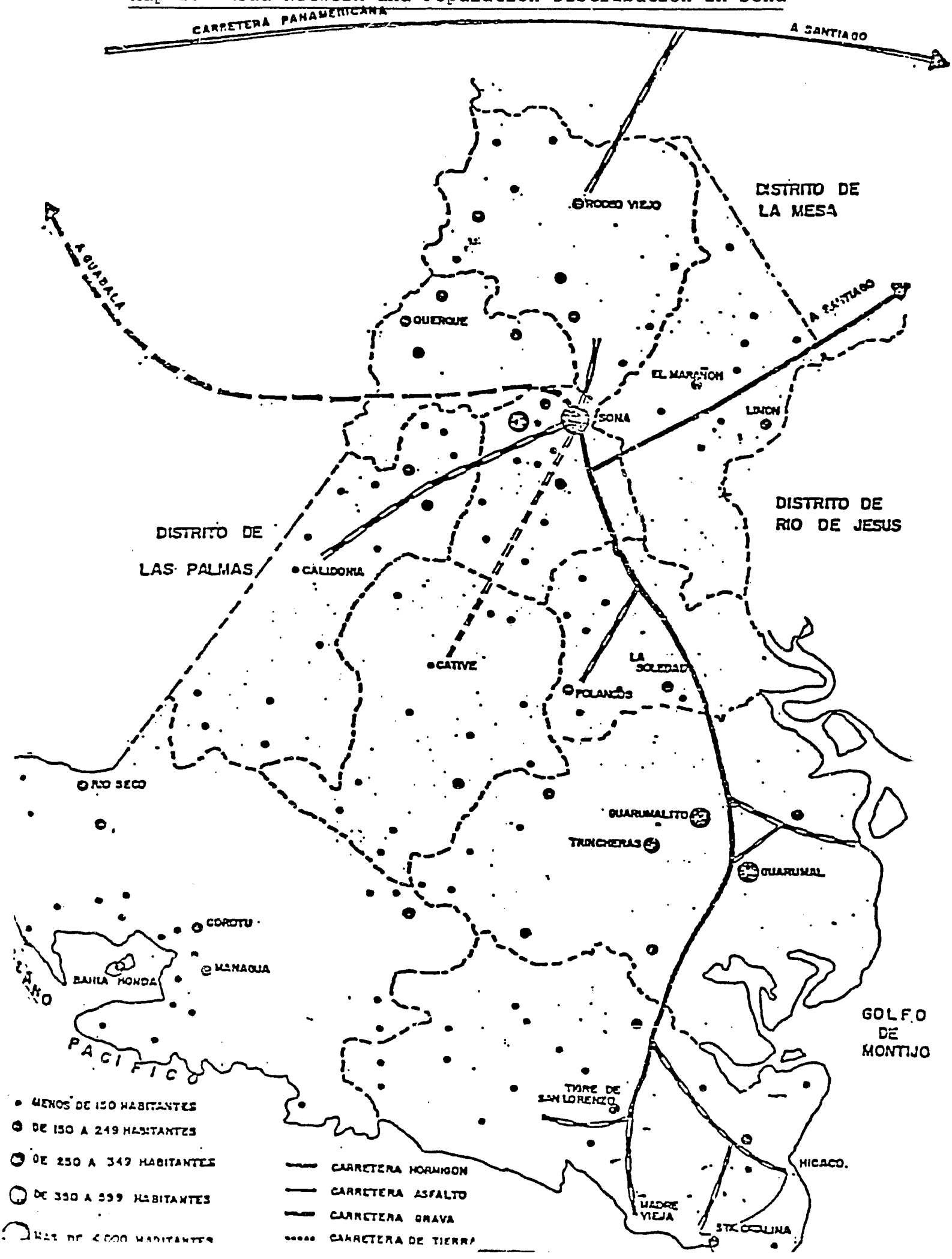
Most of the services presently available in the district are located in the district capital, with the exception of MIDA which also has a branch office in Guarumal in the southern part of Sona. One of the major constraints to extending services has been the lack of roads--of vital importance in serving the widely dispersed population of Sona. Population density is 15.9 inhabitants per square kilometer. There are 429 settlements in the area--77.0 percent of which contain less than 50 people.

As can be seen in the accompanying map (map 2), the whole southwestern section of Sona, particularly the (subdistrict) of Bahia Honda, is inaccessible by road. The same holds true for much of Rodeo Viejo in the northern-most part of the district. If credit and technical assistance are to be made available to a large number of people, then the area has to be opened up with roads. Even where there are roads, transportation is presently expensive. A ride of 35 kilometers--the greater part of it along a blacktop highway--costs $3.35. A ride of similar length in the metropolitan area of Panama costs a third of this. By bringing the services out to the farmer, this project can help to reduce his costs.[4]

POLITICAL ORGANIZATION

While much of the preceding has made for rather depressing reading, there are certain bright spots on the horizon--the most important of which is poder popular, the participatory mechanisms through which the small farmer can make his voice heard at

Map 2. Road Network and Population Distribution in Sona



district, provincial, and national levels. At the community level there is a junta local--elected by all adults over 18. This junta is responsible for solving local problems and serves as a conduit through which the local population can voice its concerns at higher levels.

At the subdistrict level, of which there are ten in Sona (map 3), there is a junta comunal chaired by the representante, who is elected by direct vote. He handpicks the other members of the junta, which has basically the same responsibilities as the junta local--except on a broader scale. It usually has a small budget which is often used to finance small public works projects. In the case of Sona, these juntas, both local and comunal, have shown mixed results to date, partly because they have had very few resources with which to work.

The honorable representante is perhaps the most important person at the subdistrict level, since he is the local population's direct representative at district, provincial, and national levels. He is also a politician, elected on a party ticket, and one of his major responsibilities is to attract development resources to his specific district.[5]

At the district level there is the municipal council--chaired by the mayor and composed of the ten representatives. Among other things, the council is responsible for promoting and coordinating development activities in the communities. At the provincial level, there is the Provincial Council--chaired by the governor and composed of all the municipal councils in the province--a total of 76 members. Among other things, the Provincial Council is responsible for processing and integrating locally generated development proposals into the provincial budget submission to the national government.

A PROFILE OF THE BENEFICIARIES

It is important to make a clear distinction between direct and indirect beneficiaries. A direct beneficiary is someone who receives a specific service from the project--be it technical assistance, marketing, training, or the like. An indirect beneficiary is someone who can benefit from a service introduced for the common good, such as a road, a school, or a health post. In this broader sense, most of the rural population of Sona will be beneficiaries of this project.

However, who will the direct beneficiaries of the productive components of this project be? Specifically, those farmers with 50 hectares or less will receive the bulk of the assistance. According to MIDA estimates for 1980, there are approximately 2,750 families in this category--as follows:

Map 3. Subdistricts of Sona

Class	Land Holding	Families
Precaristas/Minifundistas	0 - 2.9	529
Small Farmer	3.0 - 9.9	471
Medium Farmer	10.0 - 49.9	1123
Asentamientos	NA	613
Total		2736

The project envisages giving approximately 2,400 loans to finance various activities in agriculture, livestock, and beekeeping. This does not necessarily imply, however, that 2,400 different farmers will receive credit. The same farmer may receive both agriculture and livestock credits since his production system is often an integrated one. Hence, a conservative estimate of the number of small farmers receiving credit is approximately 2,000. This means that approximately 73 percent of the target population will benefit directly from the project.

Precaristas and Minifundistas

The precaristas are the landless or almost landless living in the project area who survive by working as day laborers on the larger farms. Where forest is still available, they may obtain the usufruct of some land on the understanding that they clear it and finally leave it planted in pasture. With few resources, apart from his family labor, it will be difficult for the project to do much for him in the short run--unless it can provide him with additional resources. This is precisely what the proposed beekeeping project is designed to achieve. In practice, there is little difference between the minifundista and the precarista--more one of quantity than quality. The minifundista must also find wage labor on neighboring farms or find additional land to rent or sharecrop. However, there is some potential here since he does have some land. Minifundistas will benefit from both the swine loans and the beekeeping loans described later in this report.

Small Farmers

With access to more land, these small farmers have more potential. Not only will this group benefit from the swine loans and, perhaps, the beekeeping loans, but they will also benefit from the agricultural component of the project. It should be remembered, however, that their involvement in a market economy has been limited to date. Most of their production is for home consumption. Hence, it will be incumbent upon the project to work slowly and carefully with these small farmers.

Medium Farmers

Among this group--the most important beneficiary group in the project--the desire to have cattle is very strong. As mentioned earlier, however, they also engage in swidden agriculture. The project hopes to assist them in both agriculture and livestock. Their main constraint has been lack of capital to expand their enterprises. Not only do they have land available, but they also have family labor available and in some cases, previous experience of institutional credit. However, care must be taken to ensure that the technical assistance provided does not encourage the medium farmers to turn more land into pasture. Rather, attention should be paid to ensuring that they make better use of the resources they already have.

Asentamientos

It may be argued that the asentamientos have already received more than their fair share of technical assistance and credits. While this is certainly true, there is room for improvement in both their management and their technology. The modifications proposed by the project will be tested on a few asentamientos to serve as a model for the others. The credit to be made available will supplement, not replace, the lines of credit which the asentamientos presently have with the BDA.

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SECTION THREE
PROJECT COMPONENTS

INTRODUCTION

This project constitutes a major initiative on the part of the GOP--by attempting to coordinate the activities of various development agencies in a specific geographic area, the district of Sona. The project has two basic purposes:

- To improve the welfare of the rural poor of Sona by providing goods and services previously unavailable to them; and
- To create an institutional capacity to design, plan, coordinate, evaluate, and implement IRD projects.

Specifically, the project will have the following components:

- Agriculture;
- Livestock/forestry;
- Agribusiness;
- Institution building;
- Roads; and
- Social services.

A brief summary of the first four components follows.[6] Table 4 presents the prepared budget for all project components.

AGRICULTURE

The project proposes improved production practices for small (0-10 hectares) and medium (10-50 hectares) farms to intensify and diversify production, expand the commercial nature of traditional agriculture, and extend credit and technical assistance to small-scale producers. A rotating fund will be established to provide a total of 750 loans benefitting a minimum of 365 families. The specific production practices to be promoted and financed by the project include the following: higher planting densities, appropriate nitrogen and phosphorus fertilization, improved herbicide utilizations, effective insect control, intercropping and with cropping with legumes, and soil conservation techniques.

Table 4. Preliminary Budget for the Sona IRD Project

	Contributions (thousand US$) AID	GOP	TOTAL
Planning/Administration	766.0	2,334.8	3,100.8
Agricultural Development	8,754.0	4,268.5	13,022.5
Farm Services	1,698.5	1,361.9	3,060.4
Credit	4,157.5	1,700.1	5,857.6
Agro-industry	898.0	302.0	1,200.0
Roads	2,000.0	904.5	2,904.5
Social Services	-0-	3,392.2	3,394.2
Health	-0-	919.6	919.6
Education	-0-	1,400.0	1,400.0
Housing	-0-	1,074.6[a]	1,074.6
Totals	9,520.0[b]	9,997.5	19,517.5
Columun Percentages	48.8	52.2	

[a] Includes $172,564 from Community contribution.

[b] This represents the unearmarked balance available as of May 31, 1981 of the originally approved loan amount of US$ 9.7 million.

Attention will be given to maximizing and stabilizing basic grain production in the mechanized capital-intensive systems found on asentamientos and some medium farms. Based on the agronomic production potential of these farms and the fact that a technological basis for improving production exists for this model, eigh asentamientos will be selected and developed as demonstration farms. Technical assistance activities will focus on administrative and operational self-reliance. Specific technical improvements include the following: land engineering to control erosion on rolling topography, liming soils, appropriate fertilization, effective insect control, sorghum and maize production, and use of legume cover crops and green manure crops. A number of mechanized farmers will also receive the same technical package.

In sum, the project proposes the following types of credit:

- For small farmers, 500 loans averaging $1,000 each for the cultivation of a maximum of three hectares. Estimated benefits are approximately $250 per hectare. This program will benefit a minimum of 225 farmers;

- For medium farmers, 250 loans averaging $1,400 each for the cultivation of a maximum of three hectares. Estimated benefits are approximately $345 per hectare. This program will benefit a minimum of 130 farmers;

- For asentamientos 20 loans averaging $103,000 each ($4,900 per family) for the cultivation of 80 hectares. Estimated benefits are approximately $1,300 per family. This program will benefit a minimum of 168 families; and

- For mechanized medium farmers, 150 loans averaging $10,000 for the cultivation of 10 hectares. Estimated benefits are approximately $330 per hectare. This program will benefit a minimum of 50 farmers.

Since the success of the project depends on the introduction of appropriate technological innovations into the present production systems, three technicians from the government's agricultural research institute will be seconded to the project to monitor and validate the effectiveness of the proposed production packages and to conduct problem-solving on-farm research.

In order to make this component viable, additional elements will be required--as well as more specialized technicians. Project monies will be made available to conduct short courses, seminars, and workshops. One center and four subcenters will be constructed, staffed with the government technicians. Expatriate technical assistance will be provided in such areas as extension, agriculture, livestock, and forestry.

LIVESTOCK AND FORESTRY

This componenet will address the three basic problems confronting small farmers in the livestock section. The first problem is lack of capital to buy livestock. The project proposes to make the following types of credit available to small farmers with more than 10 hectares but less than 10 head of cattle:

- Improved dual purpose production. Credit will be given for the purchase of up to 10 breeding-age, cross-bred heifers, one Brown Swiss bull, and wire fencing for up to 10 hectares of pasture. The maximum amount for each loan will be $8,269; 50 loans will be given. Estimated benefits per family range from $484 in year five to $4,098 in year ten.

- Improved cow-calf production. Credit will be given for the purchase of up to 10 breeding-age, cross-bred heifers, one Cebu bull, and wire fencing for up to 10 hectares of pastures. The maximum amount of each loan will be $4,340; 3 loans will be given. Estimated benefits per family range from $245 in year five to $1,561 in year ten.

- Improved grass fattening production. Credit will be given for the purchase of up to 10 feeder calves and wire fencing for up to 10 hectares of pasture. The maximum amount of each loan will be $2,456; 120 loans will be given. Estimated benefits per family range from $400 in year six to $1,038 in year ten.

In addition, credit will be given for:

- Small farmer swine improvement. Swine improvement loans will be given to 937 small farmers who presently have less than 10 hectares for the purchase of an improved boar and enough wire fencing for up to two hectares of grazing lots for improved traditional open range management. This will cover approximately all of small farmers who fall in this category and will be closely linked with local adult education programs. Estimated benefits per family range from $94 in year five to $131 in year ten.

The second problem is deficient management practices. Livestock birth rates will be improved by widespread promotion of parasite control, black leg vaccination, and phosphorous/mineral supplementation. These practices can show at least a 4 to 1 investment return in less than one year.

The final problem is the alarming rate of soil deterioration and weed invasion. A demonstrating pilot program will be used to introduce integrated land use management. The program will consist primarily of 300 on-farm demonstrations of one research

data and field experience under similar conditions, is designed for relatively short-term absorption by the target population. The combination of stoloniferous grasses with trees in a forest-grazing system with cattle (on 8-45 degree slopes) and tropical hair sheep (on slopes more than 45 degrees) has great potential for solving the severe economic, ecological, and sociological problems of natural resource degradation and human resource impoverishment associated with the traditional shifting cultivation/cattle complex.

AGRIBUSINESS

All of the following proposals will require detailed feasibility studies but have been singled out as the best options given the natural resources and physical constraints in the project area.

Honey Extraction, Processing, and Production of Equipment

The cost of AID financing will be $180,000, the estimated return on investment 30-35 percent and the business will be organized as a private stock corporation. Private investors in Sona will invest approximately $61,300 as equity in a stock corporation. Marketing and business ability inputs will be insured, providing the small procedures a secure market, needed supplies, and technical assistance, guaranteeing continuity after the five-year IRD program terminates.

By the fifth year, the 200 beneficiaries will have paid back their production loans of $1,400 each and, with a combined asset base worth $350,000, be in a position to form a new company or merge with the original private enterprise. New productive facilities in the seventh and eighth years could then branch into shampoo, export of pollen, royal jelly, cosmetics, and production of queen bees and wax lamina for local consumption. More than 50,000 wax lamina for 2,000 hives are needed each year, providing an excellent opportunity for import substitution. The success of this venture is rated high and will provide business and commercial expertise where none exist, insuring repayment of agricultural credit by small bee producers and forging them into an organized producer's group. The loans to finance bee-keeping activities will come from the project. Based on a loan of $1,400, each honey producer should increase his income by $380 in year one and $1,600 in year five.

Deep Sea Shrimp and Fish Production

The cost of AID financing will be $370,000, the estimated return on investment 40 percent, and the business will be organized as a cooperative or stock corporation. Funds would be used to finance the purchase by 200 fishermen of 100 small boats at a cost of $1,600 each. The boats will be individually owned, loans repayable to the cooperative or corporation. Four large "mother ships" at a cost of $52,000 each will also be financed, but paid for, and owned by, the newly formed company.

Initial beneficiaries will be 140 fishermen located by Bahia Honda, subsequently incorporating an additional 100 from other fishing areas of Sona. It is hoped that by year five membership will grow to over 600. Intermediaries now work with 500 fishermen, financing purchase of their small boats (250), buying directly from the fishermen and selling at commercial markets in Panama. Net income to each fisherman averages $205/month. Once the 50 core group is organized, however, it is expected that better arrangements can be made with intermediaries. As the cooperative grows, the feasibility of moving produce (shrimp and fish) directly to wholesale markets will be studied.

Fish resources in the area are ample. Sona is surrounded by water on three sides, and the demand for shrimp and fresh fish is high, both on national and foreign markets. Combining the financing of small boats and large mother ships, fishermen in the area will, at the very least, wield considerable power in negotiating with middlemen. Although possibly outside the scope of the original five-year IRD program, a subsequent phase will involve building an ice and processing plant in the area to allow the cooperative direct access to wholesale markets.

Other agribusiness possibilities include jelly and marmalade products, cheese production, and agriculture.

INSTITUTIONALAL CAPACITY BUILDING

Organizational Structure

One of the principal objectives in this project is institutional capacity building: specifically, to create the capacity within MIPPE to design, plan, coordinate, and evaluate IRD projects. This project is the first of these--to serve as a model for future IRD projects. These projects would also be designed, planned, coordinated, monitored, and evaluated by MIPPE.

At the national level it is proposed that the present MIPPE design team, really a temporary task force be institutionalized to form the core of a new unit within MIPPE, the National

Coordination Office, which will respond directly to the vice-minister. Two committees will provide support to this office. One will be responsible for establishing overall IRD policy and the other for identifying specific areas for IRD interventions.

The lines of authority for this project will run directly from the national office to the project level in Sona where MIPPE will establish a local coordination office with responsibility to:

- Coordinate project activities;
- Monitor and evaluate project activities;
- Produce the annual operational plan for integrated project activities in coordination with the national office;
- Exercise budgetary control over participating agencies; and
- Promote the project within the district of Sona.

If this project is to be a success, it is crucial that there be a strong MIPPE presence at the project level. First, the project will provide a training ground for improving MIPPE's capacity to design and coordinate IRD projects. Second, it will alleviate the problems that bedevilled Tonosi, particularly the interinstitutional conflict between MIPPE and MIDA. The proposed institutional structure is presented in figure 2.

Current government policy emphasizes the importance of planificacion de doble via, the active involvement of both technicians and beneficiaries in the planning process. After the experience of Tonosi, where this did not occur, MIPPE/MIDA project designers have made a concerted effort to involve the potential beneficiaries in project design: by talking with them, listening to their suggestions, and attempting to incorporate these suggestions into the present project design.

The productive components of this project envisage working with groups of ten farmers--with a "lead farmer" at their head. While these groups will facilitate the efforts of those technicians working directly with them, it is important that such beneficiary groups also be represented at the various levels of the project--as depicted in figure 3. At the local or community level, these small beneficiary organizations--the Comite Local de Beneficiarios--may be incorporated into the existing junta local. The risk that more powerful members of the community could determine who qualifies to participate in IRD activities will be counterbalanced by the opinions of both the local MIDA extension agent and his BDA counterpart who will have the final say concerning who does and who does not qualify. This group would have two major responsibilities: first, as an organized voice to

Figure 2. Proposed Institutional Structure for the IRD Project.

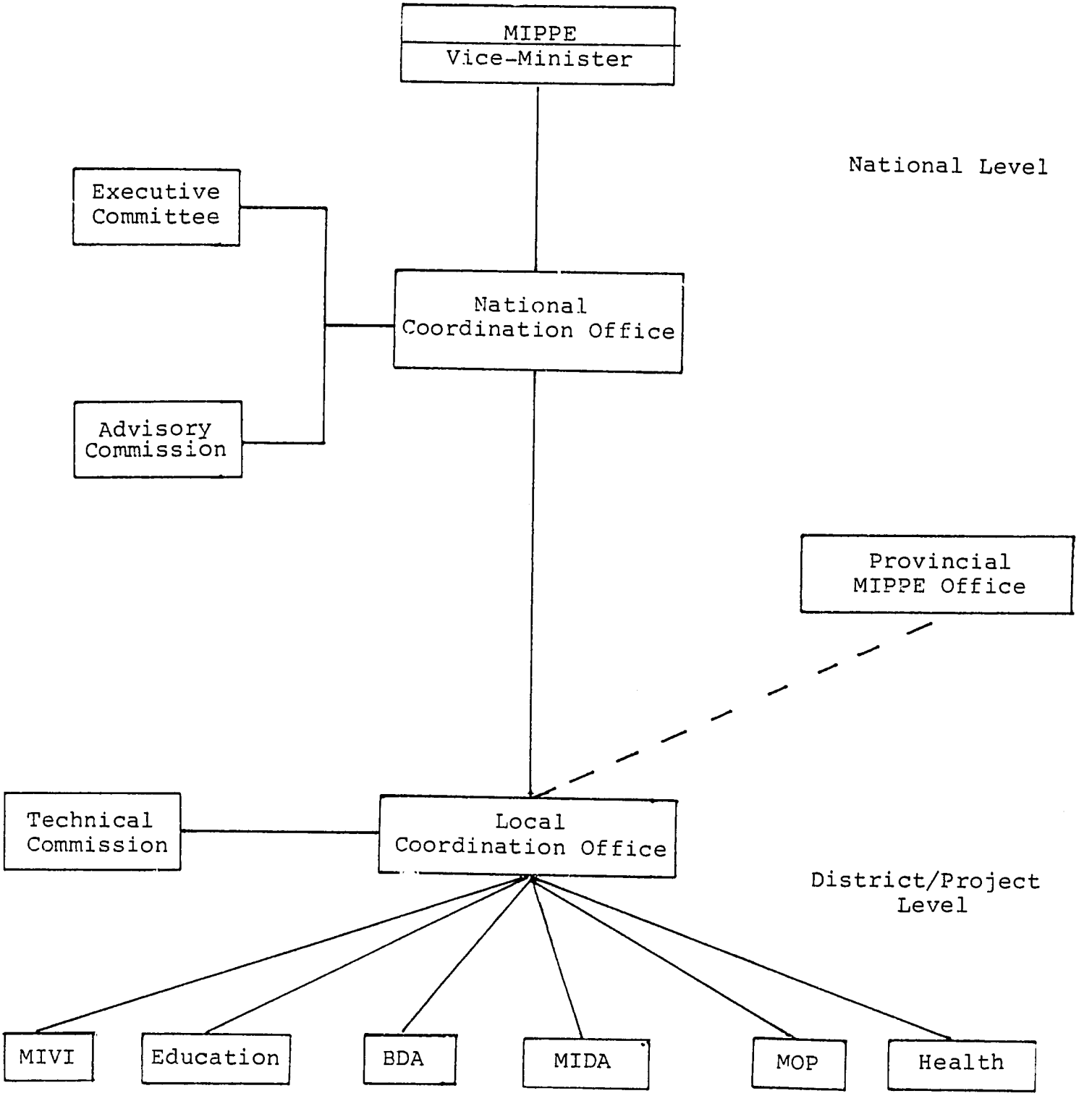
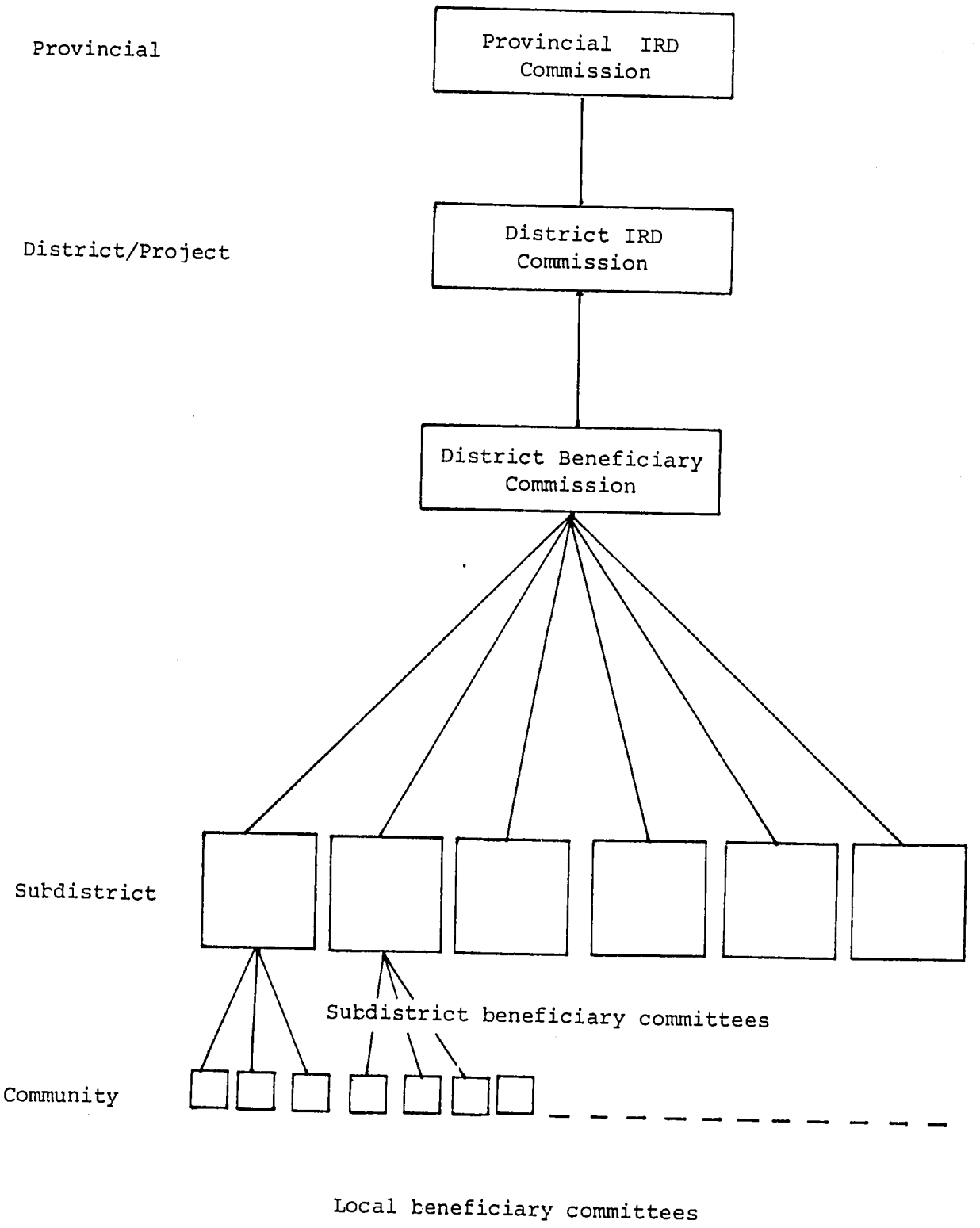


Figure 3. Proposed Structure of Beneficiary Participation in the IRD Project.



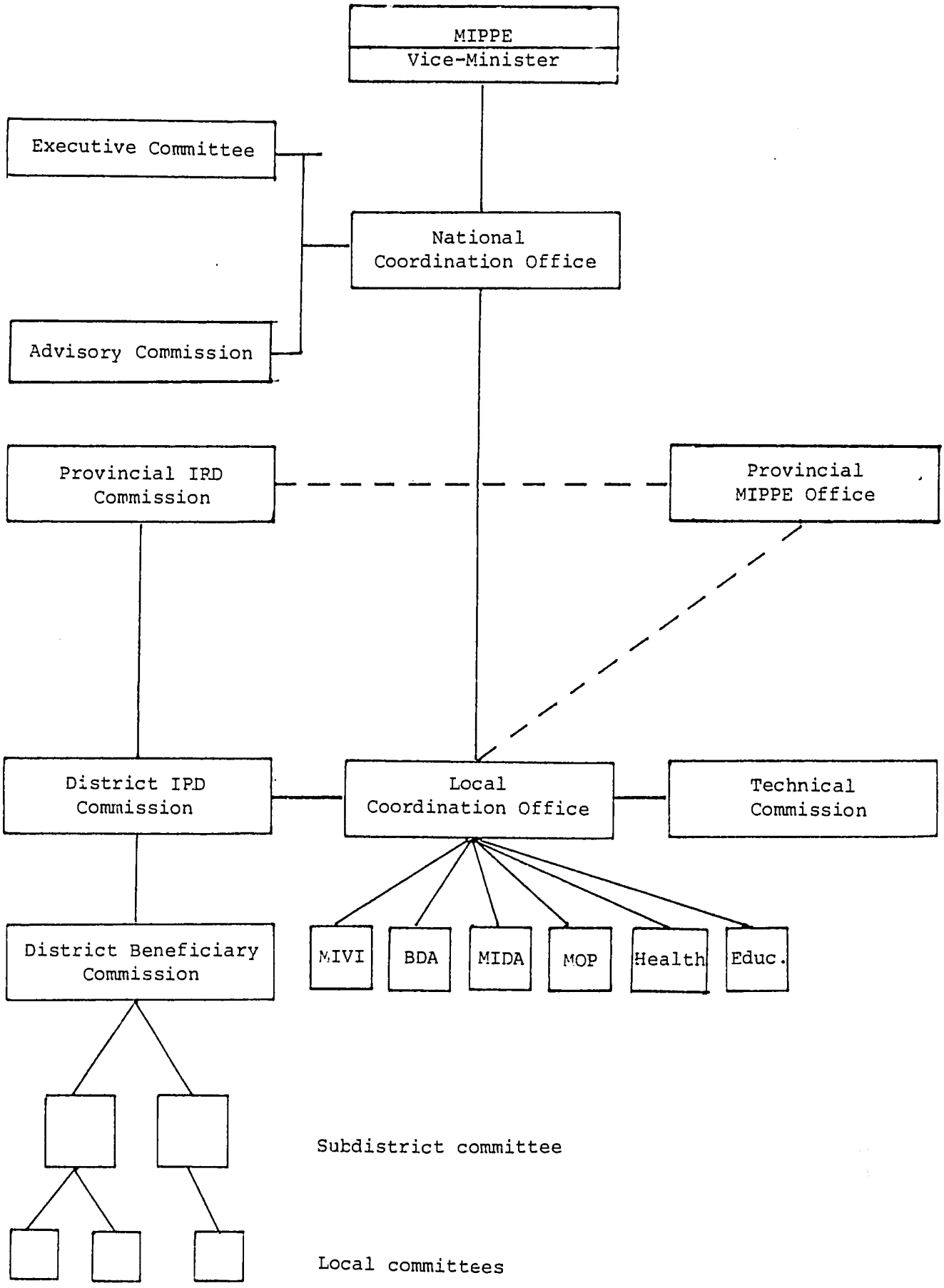
enunciate the needs and priorities of the beneficiaries at the various levels of the project and, second to develop its capacity to plan, implement, and evaluate development activities.

A similar pattern of representation is proposed for the various levels of the project: subdistrict, district, and province. The crucial institutional link between the project beneficiaries and the project implementers will be the District IRD Commission. Its major responsibility will be to assist the local coordinator's office in planning, monitoring, and evaluating project activities.

Meshing Institutions and Participation

The proposed organizational structure of the project will fit together in the following manner--as depicted in figure 4. The Technical Commission, composed of the district heads of all participating agencies, will be responsible for producing the annual plan for IRD activities, programming activities on a quarterly basis, making changes in these activities where and when necessary. The key person in this whole process will be the extension agents from MIDA and BDA who will be working directly with the local committees. On the one hand these committees can make their wants and needs known to them and they, in turn, will feed them to their superiors for possible inclusion in the annual plan. On the other hand, however, these committees will have another channel of communication--through their representative committees up to the District Commission at the project level. Proposals, suggestions, and recommendations agreed to there would be incorporated by the Technical Commission into its annual plan. Final approval for this plan at the district level would come from the District Commission.

Figure 4. Proposed Organizational Chart for the IRD Project.



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SECTION FOUR
DIFFERING AGENDAS IN PROJECT DESIGN: SOME PERTINENT INSIGHTS

INTRODUCTION

This particular design effort was conducted in a highly charged atmosphere: there was tension at the national level between MIPPE and MIDA; there was tension at the project level between el grupo poderoso (larger landowners and businessmen) and just about everyone else; there was tension within the AID mission; and, finally, there was tension between the three main actors in the design effort--MIPPE/MIDA, AID, and DAI. In a recent volume dealing with the politics of implementation, Grindle (1980:15), makes the following illuminating observation:

> To a much greater extent than in the political systems of the United States and Western Europe, the process of implementing public policies is a focus of political participation and competition in the countries of Asia, Africa, and Latin America. This is true because of characteristics of the political systems themselves such as the remoteness and inaccessibility of the policy making process to most individuals and the extensive competition engendered by widespread need and very scarce resources. Thus, while in the United States and Western Europe much political activity is focused on the input stage of the policy process in the Third World a large portion of individual and collective demand making, the representation of interests, and the emergence and resolution of conflict occurs at the output stage.

In this case of implementing IRD in Panama, much of this conflict emerged before the implementation phase; partly because the project was so long in gestating and partly because many important people publicly intervened to voice their support for the project--including the late General Torrijos, the President of th Republic, various ministers, and the AID mission director.

The purpose of this final section is to place these events in context--in the belief that they are in no way atypical of IRD design efforts. One major advantage of the Panama experience was that many of the issues and "differing agendas" that are usually politely ignored during design work were quite openly laid on the table.

DAI recently delineated nine critical problems that frequently emerge during the process of project implementation (Morss and Gow, 1981). Although this project has not yet reached

the implementation phase, several of these critical problems are already there, among them:

- Political, economic, and environmental constraints;
- Organizational placement and linkages;
- Participation and decentralization;
- Differing agendas; and
- Sustaining project benefits.

Each of these will be discussed below.

POLITICAL, ECONOMIC, AND ENVIRONMENTAL CONSTRAINTS

For many IRD projects, political, economic, and environmental factors place serious constraints on the chances for attaining project objectives. While these constraints themselves are often beyond the control of project managers, recognition of them, and appropriate adjustment of strategies often would ease the problem. Unfortunately, this doesn't happen very often. In this case, these major constraints have all been addressed--to the extent possible.

Political Opposition

The major political constraint has been the opposition of *el grupo poderoso* and the GOP's fear that, unless their demands were met, they could effectively scuttle the project as happened in the case of Tonosi. It was for this reason that an agribusiness specialist was included on the design team. The GOP's fears were not totally unfounded. In May 1981 the main highway between the provincial capital of Santiago and the district capital of Sona was closed by the local population in a successful attempt to pressure the central government into undertaking necessary repairs and maintenance. Two of the leaders of this action came from *el grupo poderoso*--onea rice mill owner and the other a rancher.[7]

The principal demand of this group has been their desire to participate actively in the project. Their definition of "participation" has been quite direct: their desire to have some control over the project. Although their fears concerning land reform have abated, their apprehensions concerning the government's political objectives have not. Since MIDA will be the principal implementing agency and since most of its activities to date have been directed towards the *asentamientos*, the likelihood that this policy will be continued is high. In their

opinion, the asentamientos are all left-wing, and the GOP intends to use them as a base for the final "communist takeover" of Panama. In addition, from their perspective the asentamientos have been an economic disaster, and they are not prepared to sit passively on the sidelines while more government money is wasted for purely political objectives.

In fairness to the government, two things should be pointed out. First, the GOP has made it very clear that this project is not directed specifically towards the asentamientos. Second, the GOP is very much aware that the asentamientos are, to a certain extent, an embarrassment. No new asentamientos have been created for several years and the GOP is presently attempting to improve the capability and performance of those still functioning.

While el grupo poderoso may be somewhat apprehensive about the political goals of the project, they have no qualms about its economic goals. As mentioned in section one, this project will benefit them directly in various ways. As one of their members expressed it: "We'd be damned fools to turn our backs on $20 million!"

Pricing Policies

In terms of government pricing policy, there is little that the project can do to change them--at present. GOP pricing policies favor the urban consumer--approximately 50 percent of the population--and the prices of basic commodities, including meat, are regulated by the government. Many of the proposed project beneficiaries, however, sell only a small amount of their agricultural surplus, and the project does not envisage major increases in productivity. Few complaints were voiced concerning the price paid for rice--the major cash crop in the area.

Environmental Degradation

The environmental constraints to project success have been addressed directly in sections two and three. If these recommendations are not implemented, then the lessons learned should have applicability to many similar, ecologically marginal areas elsewhere in the lowland humid tropics.

ORGANIZATION PLACEMENT AND LINKAGES

Organizational placement involves the determination off both the level of intervention and the institutional host for the IRD effort. It is important because it determines who the subsequent decision makers in the IRD project will be, how many of them there are, and what they decide upon. In essence, organizational

placement determines the pattern of organizational linkages between various participating agencies in an IRD project. An organizational linkage is any activity undertaken during implementation requiring the coordination of two or more agencies. The success of the participating agencies at carrying out this coordination is the crux of the organizational linkage question.

One of the principal objectives of this project is institutional capacity building: specifically, to create the capacity within MIPPE to design, plan, coordinate, monitor, and evaluate IRD projects. This project is the first of these--to serve as a pilot for future IRD projects. These projects would also be designed, planned, coordinated, monitored, and evaluated by MIPPE. The training ground for improving this capacity will be this particular project.

But the crucial question still remains: to what extent will MIDA, as the principal implementing agency, accept this predominant role for MIPPE? As mentioned in section one, MIDA had this coordinating responsibility for Tonosi and botched it. Furthermore, the Tonosi PP was somewhat vague and long winded on the topic of organizational placement and linkages. In an effort to clarify what had happended, DAI consulted the 1978 supreme decree creating PRODIAR, the present design teams predecessor, where it stated quite categorically that MIDA was to have this responsibility. This was news to both MIPPE/MIDA and to AID. Armed with his copy of the decree, the MIDA coordinator, acting on instructions from above, prepared an alternative proposal for the organizational structure. This proposal was turned down, primarily because decisions had been taken at the highest level that MIPPE, and only MIPPE, was to have this coordinating responsibility at the project level.

One other fact is worthy of note. When there are ministerial changes in Panama, they are usually of the "musical chairs" variety, that is, upper-level technicians are shuffled from one ministry to the next. For example, the gentleman who was responsible for the design of Tonosi is now vice-minister of MIDA. Can he be blamed for wanting his new ministry to control this project--particularly when he lost this control the first time round--mainly for political reasons? The only way such "tension" can be kept within tolerable limits is to establish the lines of authority and areas of responsibility that are acceptable to both ministries before implementation begins.

PARTICIPATION AND DECENTRALIZATION

Both decentralization and participation are believed to increase the possiblity of project success. Decentralization implies the devolution of decision-making authority and control over the planning and management of development initiatives and resources from the center towards the periphery of government. Participation implies a systematic local autonomy in which the

beneficiaries discover the possibilities of exercising choice and thereby becoming capable of managing their own resources. By the same token, participation by beneficiaries is unlikely to be stimulated unless there is some corresponding participation by project staff. Such staff participation may best be stimulated by some process of decentralization.

In the case of Panama, decentralization has meant the geographical dispersion of government ministries--and little else. For example, while MIPPE has its headquarters in Panama City, MIDA is located in Santiago, the capital of Veraguas province. Such "decentralization" has not been accompanied by any significant degree of devolution. Decision making and control within the ministries are highly centralized. The same cannot be said for participation--particularly political representation. Each subdistrict elects a representative to the National Assembly in Panama. In practice, this means that a country with a population of 1.8 million has 550 elected representatives. How effective they have been is open to question--given the limited resources Panama has available for development purposes.

Two potential problems emerge from the proposed participatory structure. First, it is too complex, and there are far too many actors. While this is certainly true, the design team had to accept present political realities. This is the first project of its type in Veraguas, an area which has not received much development assistance in the past, and everyone wants a "piece of the action." Second, doubts were expressed about actively involving the juntas in the project since they were seen--particularly by AID--as basically political bodies and would use any development resources for mainly political ends. Two points should be made. First, if rural development is not political, then what is it? Second, since these organizations already exist, why not try to work through them--to the extent possible?

The indications are that project implementers often do not take existing organizations seriously. One exception has been the IRD program in Colombia. At the local level, the most prevalent organizational form is the Community Action Board, which is dedicated exclusively to rural works projects. If a community wishes to participate in the IRD program, its Community Action Board must be willing to broaden its activities and become more production oriented. If the board agrees, then the program works directly through it. If it does not, a parallel group is established, often with overlapping leadership (Jackson and others, 1981).

DIFFERING AGENDAS

The key players, both institutions and individuals, at every stage of the project cycle--identification, design, implementation, and evaluation--are likely to have differing purposes or agendas in mind. These individual and institutional

agendas depend on the incentive structure of each. The literature presents fairly convincing evidence that most organizations--both public and private--put primary emphasis on increasing their size, power, and control, and that their internal incentive systems are formulated in accordance with these motivations (Morss and Rich, 1980: chapter 2).

Differing agendas among those designing a project can lead to serious problems in the implementation phase. Often, a number of national-level line ministries are expected to make significant contributions to the implementation of an IRD project. Each of these ministries is interested in expanding its power and authority. If a ministry is asked to play a secondary role, it is unlikely that this ministry will put a high priority on these activities, because it has other activities to perform where it is the principal actor. This problem is generic to IRD projects and the "healty tension" between MIDA and MIPPE has already been dealt with in some detail.

It also appears that MIPPE/MIDA and AID have "differing agendas" in terms of who is to benefit from this project. This is particularly true when it comes to the role of el grupo poderoso. While the President of the Republic made certain promises to this group, these were not necessarily shared by the MIPPE/MIDA design team. They believed this group would benefit sufficiently from this project--without their having to be offered a carrot in the form of agribusiness--a point of view shared by DAI. To a certain extent it appeared that "private sector involvement" was being strongly advocated by AID against the wishes of MIPPE/MIDA.[8]

Several incidents substantiate this point of view. First, during a meeting with representatives of the private sector, one of the main critics of this project posed the following pertinent question: "If the government is so interested in our participation, why are they not here talking with us--instead of sending a team of consultants?" Second, in a presentation given by DAI to the American ambassador and the deputy director of AID, the attitudes and role of the private sector were uppermost in their minds. Third, it appears that the AID mission director had an "open door" policy for representatives from the private sector.

The reasons for this cosy relationship are not hard to find. After the fiasco of Tonosi, AID did not want a repeat in Sona. Furthermore, under the Reagan administration increasing importance is to be given to private sector involvement in rural development.[9]

Within the mission itself there were also "differing agendas"--agendas that differed so radically that the agricultural division refused to have anything to do with the project. The design to reprogram the IRD project for Sona was basically a political one--with the final word coming from General Torrijos himself. The mission director accepted this decision without consulting his technicians. He was due to retire soon and was

determined to see this project approved in Washington. No mission wants to see $10 million of its approved loan funds deobligated. The agricultural division had strong reservations about the technical and economic feasibility of doing an IRD project in Sona. It is a very poor area; there is little research capacity in Panama and, consequently, few, if any, technological packages for small farmers. Finally, government pricing policies do not favor increased production. It would be much better to reprogram the project for an area of Panama with greater agricultural potential. Hence, this project was designed with no participation from the agricultural division of the mission.

The final realm in which there were differing agendas concerned the role of DAI. DAI's understanding was the team its was in Panama to work with MIPPE/MIDA to produce a document in English for AID to be used in Washington to have the reprogramming approved. MIPPE/MIDA's understanding was somewhat different. They saw DAI as being there to help them produce a document in Spanish for the GOP. In December 1980, MIPPE/MIDA had produced a design document for IRD Sona and submitted it to AID. AID liked the document but asked for additional information. As this additional information was not forthcoming, DAI was brought in to help provide it.[10] The impending arrival of DAI galvanized MIPPE/MIDA. New offices were rented, the team was reassembled, and technicians returned to Sona to begin gathering the additional information requested.

National pride was at stake and MIPPE/MIDA wanted to demonstrate to both their respective ministers and to AID that they had the capacity to design an IRD project. DAI, saw its responsibility as using MIPPE/MIDA's expertise to produce a document in English to satisfy the needs of AID. And AID, while obviously favoring the latter interpretation, attempted to straddle the fence and keep both parties happy.

Two reports which tended to duplicate each other considerably, were presented to AID--one in English and the other in Spanish--the fruits of mutual collaboration between the two teams. AID synthesized the two documents for AID/Washington and the reprogramming was approved shortly afterwards.

How could such needless duplication have been avoided? Two solutions suggest themselves. The ideal solution would have been to have DAI work with MIPPE/MIDA to produce a document in Spanish which would have been acceptable to both the GOP and to AID. The most practical solution, and one that was actually suggested, would have been for DAI to produce its own document in English and then have MIPPE/MIDA use part or all of it in their report. To some extent, this did in fact happen. In practice, however, it was totally unacceptable since it would have been an insult to national pride.

SUSTAINING PROJECT BENEFITS

The "bottom line" problem of IRD projects is that intended benefits are not sustained (if ever attained) when foreign aid monies are withdrawn. There are many reasons why such benefits are not sustained. Among the most important are the following:

- Sustainability was not a consideration in the project design;
- Promised host country resources were not forthcoming; either because the resource level required was unreasonable or because the host country chose not to provide them;
- Proposed technologies were inappropriate;
- Local population did not respond in the expected manner;
- Organizational capacity was inadequate to sustain benefits;
- Insufficient time allowed to realize sustainability; and
- Project staff did not devote adequate attention to the sustainability issue, in part because time pressures to deliver goods and services to target populations dominated all other considerations.

To date, the issue of self-sustainability has not been addressed directly in this project. What will happen at the end of five years when AID financing terminates? By that time, the project will hopefully be beginning to have a significant impact on the lives of beneficiaries. With the end of AID funding, the odds are that the amount of GOP resources committed to the area will decrease--particularly if other IRD projects are underway elsewhere in Panama--just as the project is beginning to show some concrete results. However, this can be partially avoided if sufficient institutional capacity has been created in the implementing agencies.

Mention was made earlier of the importance of strengthening organizational capacity at the local level: that one of the most positive roles local organizations play was a pressure group to demand goods and services from the government.

In addition, however, potential beneficiaries should make a resource commitment to the project. First, governments do not have the resources to support all worthwhile development initiatives. Requiring an initial resource commitment indicates that this is not going to be just another government "give-a-way" program. Second, the act of making a resource commitment will make the contributors more concerned for the success of the

development initiative than they otherwise might be. Finally, such a commitment will provide a concrete indicator of how interested the community is in a new initiative. (Morss and others, 1976: volume 1, chapter 3). With road maintenance and construction of health and educational facilities, there will be a local resource commitment.

In the case of this project, thought should be given to ways in which this resource commitment could be institutionalized and work to the benefit of both technicians and beneficiaries. In the best of all possible worlds, beneficiaries could pay for the technical services provided and, if they did not like them, they would go elsewhere. However, this is unrealistic--given the low income levels and the fact that no alternatives presently exist. This does preclude the possibility of their making some small payment for the services provided over the life of the project--perhaps directly to the technician--as a bonus based on performance. Such an approach could have the following beneficial effects:

- Serve as an incentive for the technician to work better;
- Give the beneficiaries some control over the technician; and
- Demonstrate to the government that they are willing and capable of paying for part of these services, and, hence, of saving the government money.

Another approach--directly related to this--would be to train para-professionals at the community level who would then receive a small remuneration from their fellow villages for the services provided.

MISSING PAGE

NO. 46

NOTES

1 These lessons are also discussed in Castello (1980).

2 This section draws heavily on the excellent work of Heckadon (1978, 1979, and 1980).

3 Faragua, by natural growth habit, is a bunch grass which grows in clumps and spreads by seeding rather than shooting out runners. Consequently even during the rainy season, a faragua pasture is 40 to 50 percent bare ground and consists of a series of grass tufts circumnavigated by muddy cattle trails. Exposed soil surfaces occupy an extremely high percentage of total surface areas in faragua pastures due to over-grazing and burning, trailing, compaction, and the growth characteristics of this particular grass.

4 Conditions have changed little over the past 15 years. For an overview of what Veraguas was like in the mid-1960s, see Lodge and Gudeman (1967).

5 The closest equivalent to this type of representative system whereby local politicians are actively involved in the development process--and officially encouraged to do so--is to be found in Nepal in the panchayat system. See Gow (1980).

6 The last two components will not be discussed here as they were not included in DAI's scope of work.

7 These events are reported in La Estrella de Panama, May 9, 1981.

8 "Private sector" was the euphemism used by AID to refer to large farmers and businessmen. As DAI pointed out, this whole project was directed towards the private sector! While the DAI team as a whole did not favor the direct involvement of this "private sector" on the grounds that they were already destined to receive considerable benefits from this project. We did comply with the terms of our scope of work, and some of us spent a considerable amount of time talking with their representatives.

9 Some members of the DAI team were not fully convinced of the private sector's interest in agribusiness and their willingness to put up money of their own. If they really were, why had they not already done something?

10 The reason this information was not forthcoming was a result of government changes and the appointment of new ministers in MIPPE and MIDA.

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