



GLOBAL CLIMATE CHANGE

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Due to capacity building and technical assistance, USAID and its partners in Panama continue to increase their knowledge as well as enhance natural resource management. These activities aid in increasing carbon sequestration, which is essential to mitigating the effects of climate change. Furthermore, USAID's contribution to protecting the Panama Canal Watershed is proving invaluable for not only Panama but for the rest of the world as well.

Background. Panama's place in modern history has primarily been tied to the fact that at one of its narrowest points, only 50 miles separated the Atlantic and Pacific Oceans and that construction of a canal here would realign maritime commerce. It was in 1914 that the U.S. completed the canal. Despite the fact that the U.S. relinquished authority of the canal in 1999, Panama has yet to fuse its considerable modern sector with its traditional rural sector into a strong national economy. While 70 percent of the Gross Domestic Product (the highest in Central America) is based on a well developed service sector, nearly 40 percent of its population lives in poverty of which 12 percent live in extreme poverty.

During 2004 and 2005, the USAID Program in Panama funded programs primarily aimed at improving the management of the Panama Canal watershed and protecting its southern regions against the near daily spillover of violence and refugees from the Colombian narco-terrorist conflict, while also supporting stability in Panama's Darien province. In addition, USAID/Panama provided technical assistance and training to fortify local government and nongovernmental organizations (NGOs) in Darien, and to raise the economic and social well-being of the population in selected communities.

Sector-Specific Climate Change Activities. *Land Use and Protected Area Management.* The focus of the Improved Management of the Panama Canal Watershed Project is to improve management of the Watershed with USAID's two main partners, the Panama Canal Authority and the National Environmental Authority. All interventions are justified on the basis of providing sufficient good quality water year round to operate the canal and provide drinking water for half of the population in Panama. Activities center on the three Ps: policy reform, best conservation practices and active participation of all stakeholders. Activities included sustainable ranching, sustainable agriculture, sanitation, management structures at the local sub-watershed levels, clean production, safer pesticide use, soil conservation in pineapple production, certification and reforestation.

Several government institutions and NGOs were strengthened during program implementation. This was the major emphasis during the first phase of the program through 2005 when the program shifted to field demonstration activities. Government institutions strengthened included the Inter-institutional Commission for the Panama Canal Watershed, the National Environmental Authority and about 10 local NGOs. Strengthening consisted of technical assistance, training and limited commodities, as well as land use and conservation policy, and legal reform support. The project also developed a participatory, practical approach to resource management in the

USAID's partners in climate change activities in Panama include*:

- Academy for Educational Development (AED)
- Inter-institutional Commission for the Panama Canal Watershed
- National Environmental Authority
- Panama Canal Authority
- Peregrine Fund
- The Nature Conservancy (TNC)

* Because partners change as new activities arise, this list of partners is not comprehensive.

For more information on Panama, visit USAID's Web site at:

<http://www.usaid.gov/missions/pa>

Panama Canal Watershed and protected areas. The project supports improved protected area management and environmentally-sound economic activities, including improved environmental governance.

During 2004, USAID/Panama's "Parks in Peril" Program (PiP), in partnership with The Nature Conservancy (TNC) which implements the PiP Program, provided financial support to improve the protection and management of the Chagres National Park. The project developed a new Master Plan for the Park and trained community members on sustainable cattle and agriculture activities. PiP also worked with three local NGOs that implemented activities and have taken on an advisory role for the project.

USAID/Panama also directed resources towards protected area management and environmentally sound economic activities in the Soberanía National Park, which, in the latter case, includes policy reforms, institutional building, alliances building, and infrastructure needed to improve tourism services.

In 2005, USAID support raised the bar for environmental stewardship. The USAID watershed program led to major policy reforms and adoption, institutional strengthening, best practices in natural resource management for improved farm incomes, conservation of biodiversity, local stakeholder participation, and empowerment in strategic sub-watersheds in the Panama Canal Watershed and protected areas. Proceeds from two debt-for-nature¹ swaps under the Tropical Forest Conservation Act (TFCA)² complemented USAID resources in the conservation of biodiversity in two key protected areas. Also, the physical facilities of the Peregrine Fund continued to support breeding of harpy eagles in attempts to prevent the extinction of the National Bird, while promoting conservation of its tropical forest habitat and the biodiversity it supports.

¹ World Wildlife Fund pioneered the concept of the debt-for-nature swap, designed to free up resources in debtor countries for much needed conservation activities. A debt swap involves purchasing foreign debt at a discount, converting the debt into local currency, and using the proceeds to finance local conservation activities. (<http://www.worldwildlife.org/conservationfinance/swaps.cfm>)

² The Tropical Forest Conservation Act (TFCA) was enacted in 1998 to offer eligible developing countries options to relieve certain official debt owed the U.S. while at the same time generating funds to support local tropical forest conservation activities. TFCA is implemented through bilateral agreements with six eligible countries: Bangladesh, Belize, El Salvador, Panama, Peru, and the Philippines. (<http://www.state.gov/g/oes/rls/fs/2003/22973.htm>)