



AGENCIA DE LOS ESTADOS UNIDOS PARA EL  
DESARROLLO INTERNACIONAL

USAID Panamá

PD-ARB-140

66855

APARTADO 6959  
PANAMA 5, PANAMA  
TEL. 63-6011

March 15, 1990

Mr. Juan Carlos Navarro Q.  
Executive Director  
Asociación Nacional para la  
Conservación de la Naturaleza  
Apartado 1387, Zona 1  
Panamá, Republic of Panamá

Subject: Grant No. 525-0302-A-9002-00  
Emergency Employment/Reforestation  
and Reserve Boundary Maintenance in  
the Panama Canal Watershed Project

Dear Mr. Navarro:

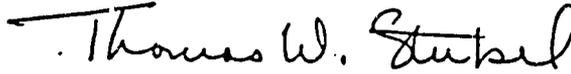
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the Asociación Nacional para la Conservación de la Naturaleza (hereby referred to as "ANCON" or "Recipient"), the sum of Two Hundred Seventy Thousand United States Dollars (\$270,000) for a reforestation and reserve boundary maintenance program of protecting the fragile Panama Canal Watershed ("Project") as described in the Schedule of this Grant and Attachment 2, entitled "Project Description".

This Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning March 15, 1990 and ending August 3, 1990.

This Grant is made with ANCON on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled the "Schedule", Attachment 2, entitled "Project Description", and Attachment 3, entitled "Standard Provisions", which have been agreed to by your organization.

Please sign the original and each copy of this letter to acknowledge your receipt and acceptance of the Grant, and return the original and all but one copy to USAID Panamá.

Sincerely yours,



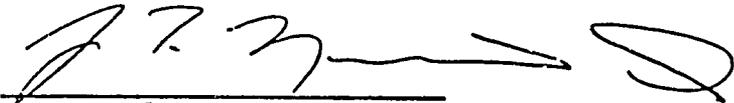
Thomas W. Stukel  
AID Mission Director

Attachments:

1. Schedule
2. Project Description
3. Standard Provisions

ACKNOWLEDGED:

Asociación Nacional para la  
Conservación de la Naturaleza



Juan Carlos Navarro Q.  
Title: Executive Director  
Date: \_\_\_\_\_

FISCAL DATA

Appropriation No. 72-11X1037  
Budget Plan Code: LESX90-25525-KG13  
PIO/T No.: 525-0302-3-00007  
Total Estimated Amount: \$270,000  
Total Obligated Amount: \$270,000  
Funding Source: USAID/Panama

SCHEDULE

A. PURPOSE OF AGREEMENT

The purpose of this Grant, with the Asociación Nacional para la Conservación de la Naturaleza ANCON is to provide support for a program to protect the fragile Panama Canal Watershed through reforestation and reserve boundary maintenance, requiring substantial person-days of labor and concentrated principally in the corridor between the economically depressed cities of Panama and Colon. This program is more specifically described in Attachment 2 to this Grant entitled "Project Description".

B. PERIOD OF AGREEMENT

The effective date of this Grant is March 15, 1990. The expiration date of this Grant is August 3, 1990.

C. AMOUNT OF GRANT AND PAYMENT

1. A.I.D. hereby obligates the amount of \$270,000 for program expenditures during the period set forth in B above and as shown in the Financial Plan below.

2. Payment shall be made to ANCON in accordance with procedures set forth in Attachment 3 entitled "Standard Provisions", page 9 Section 1 entitled "Payment-Periodic Advance".

D. SUMMARY FINANCIAL PLAN

The following is the Summary Financial Plan for the life of this Grant, including local cost financing items. Revisions to this Plan shall only be made in accordance with the Standard Provision No. 4 of this Grant entitled "Revision of Grant Budget." Actual expenditures within the administrative costs budget may vary by up to 15% from the line items shown below, without prior written approval by A.I.D., provided that the total amount of funds obligated for total project costs is not exceeded.

<u>Summary Financial Plan</u>	<u>AID</u>	<u>ANCON</u>	<u>TOTAL</u>
Total	\$270,000	\$230,000	\$500,000
Personnel	\$134,250	95,500	229,750
Commodities	\$112,850	97,000	209,850
Other Costs	\$ 22,900	37,500	60,400

Attachment 2 to the Agreement contains the detailed Illustrative Financial plan for the project.

E. REPORTING

1. Program Performance Reporting:

ANCON will establish a reporting system to track, follow up and make projections of the performance for each activity of the Grant as set forth in Attachment 2 "Project Description". These Performance Reports prepared by ANCON for this purpose will be forwarded to A.I.D. on a monthly basis and at the end of the Grant and will present the following information for each activity involved:

- a. A comparison of actual accomplishments with the goals established for the period.
- b. Reasons why established goals were not met.
- c. Other pertinent information.

2. Financial Reporting:

ANCON will also submit Financial Reports to A.I.D. on a monthly basis and at the termination of the Grant covering (1) each month's expenditures and (2) projected expenditures for the next three months. The format for the Financial Report and periodic advance is shown in Attachment 3, pages 9-11, Section entitled "Payment - Periodic Advance".

F. SPECIAL PROVISIONS

a. Prior to initial disbursement of funds under the Grant, or the issuance by A.I.D. of documentation pursuant to which disbursement will be made, ANCON will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (1) A statement by the Board of Directors of ANCON accepting the conditions and provisions of the Grant;
- (2) Evidence that a Project Manager, acceptable to both Parties, has been named.
- (3) A statement of how ANCON plans to manage funds provided under this agreement to cover salaries of the employees who will work out in the National Parks where the project will be implemented. This written statement should address the following: safeguards to be implemented, possibilities of insurance contracts, appropriate separation of duties between personnel in charge of preparing, reviewing and approving the payroll, cashing the payroll check, and delivering the money to the workers.

G. PROCUREMENT

The authorized geographical code for procurement of goods and services under this Grant is Code 935. A blanket source and origin waiver has been provided.

H. SPECIAL AUDITS

Limited audit surveys and concurrent financial audits of ANCON will be conducted under an A.I.D. contract with a U.S. affiliated audit firm. Office of the Regional Inspector General/Audit/Tegucigalpa will be designated the client and will provide supervision for such audits. ANCON agrees to implement any recommendations resulting from the award surveys as a condition to receiving further funding under the program. Funds for the audit surveys will be administered directly by A.I.D.

I. PAYMENT

Payment documentation as described in Attachment 3 shall be submitted to:

Office of the Controller  
USAID Costa Rica  
APO Miami, Fl. 34020

Due to the urgent nature of this project, payments will be made by electronic funds transfer. ANCON shall provide adequate instructions for such transfers with its first advance request. In addition, each monthly Federal Cash Advance Status Report, W-245, shall be accompanied by a summary by budget line item of its projected disbursements, by month, for the next three months, plus a cumulative detailed report of disbursements for the reporting month (instead of quarterly as indicated on Form Attachment 3, Page 10 footnote 1).

PROJECT DESCRIPTION  
EMERGENCY EMPLOYMENT/REFORESTATION AND RESERVE BOUNDARY MAINTENANCE  
IN THE PANAMA CANAL WATERSHED

### I. PROBLEM

It is hard, if not impossible to think of a challenge which is more vital to the future stability, development and growth of Panama than the immediate protection of renewable natural resources and biological heritage of Panama. The reality is that little effective conservation has taken place in the past, either from government or private sources, and 60% of the nation's natural forest cover has already been destroyed. Deforestation and population pressures are increasingly evident in the Panama Canal watershed and other critical areas throughout the country.

The difficult situation of the country, both prior to and since the events of 20 December, has resulted in a slow-down of the economy and widespread unemployment. This situation is very serious in the urban areas of Panama and Colon, and in the rural areas where few sources of cash income exist. The lack of alternatives could force campesinos to enter the watershed of the Canal, in the Soberanía and Chagres national parks, to clear land for agriculture, cut trees and hunt, looking for immediate alternatives for survival. An emergency program is needed immediately to defend the park boundaries, and to offer a source of income to the unemployed in the areas adjoining the Canal watershed.

### II. DESCRIPTION

Purpose: The project purpose is to provide immediate employment in the communities adjoining the Soberanía and Chagres nature reserves, while implementing critical conservation actions in the watershed of the Panama Canal. The project will: (a) Create approximately 11,795 worker-days of employment for local inhabitants near the natural parks that maintain the vegetative cover of the principal tributaries of the Canal; (b) complete essential conservation and reforestation work that will strengthen the boundaries of the Chagres and Soberanía natural areas; (c) create a demonstration tree farm of 40 hectares, to be used for environmental education purposes; and (d) strengthen ANCON's operational and administrative capacity to complete field conservation projects.

### III. IMPLEMENTATION

#### 1. Implementation Entities

(a) ANCON will be responsible for planning, organizing and coordinating the implementation of the project.

(b) MACANO FORESTAL, S.A. will be sub-contracted by ANCON to produce the forest seedlings (the planting stock) in its private nursery, and to supervise the planting program in the field. It will also be responsible for monthly inspections over the project's duration to ensure a high rate of plant survival.

(c) INRENARE has the management responsibility for the Soberanía and Chagres National Parks. INRENARE and ANCON have collaborated on actions that strengthen national park protection and management, and in January signed a ten year agreement and a joint work plan for 1990 that includes maintenance of park boundaries and other conservation activities in Soberanía and Chagres. INRENARE staff will work with ANCON personnel in the implementation of the project.

(d) The Smithsonian Tropical Research Institute (STRI) has agreed to support ANCON in the protection and maintenance of the Soberanía National Park and other areas.

## 2. Implementation Time Frame

The project must be implemented as quickly as possible in order to achieve its social objectives of providing rural employment in the critical coming months. Upon receipt of grant funds, work will begin following the plan that has been prepared. During the months of March, April and May of the dry season, planting areas and fire breaks will be cleared to prepare for the planting program. With the beginning of the rainy season, the planting program will be implemented, with a goal of establishing 85,000 seedlings during the months of June through August. To ensure the maximum survival of the seedlings, the planting areas will be weeded, fertilized and treated on a regular basis, as needed. These cultivation practices will be applied as often as twice a month during the wet season and once a month for the balance of the first year. ANCON will provide monthly inspection of the planted areas to continue through year two, to assure survival and protection of the trees.

## 3. Supervision and Hiring

ANCON, in coordination with MACANO FORESTAL technicians and in close collaboration with INRENARE's technical personnel in Soberanía National Park, will identify and hire foremen from the communities of San Vicente, Agua Buena, Maria Eugenia, Chilibre, Union Veraguense, Cabuva, Santa Rosa, Aguas Claras, La Gloria, Nueva Providencia and Gamboa. These foremen will help with the identification and supervision of the workers that ANCON will need to form crews for the different activities of the project. The amount of people in each crew will differ according to the type of activity to be done. In this way, the reforestation, maintenance and protection of the area will be guaranteed. There will also be patrolling to prevent possible forest fires in the park or in the recently reforested areas.

#### 4. Expected Results

This project will produce a total of approximately 11,795 worker days of employment for local people living near the natural parks of Soberania and Chagres, in the Panama Canal watershed. Parallel to this, ANCON will complete essential conservation and reforestation work needed in this area. ANCON will also create a 40 hectare demonstration tree farm which will be accessible to local residents and neighboring communities. ANCON will also strengthen its operational and administrative capacity to complete field conservation projects.

#### IV. BENEFICIARIES

The project will provide an estimated 11,795 worker-days of seasonal employment to both men and women over a five month period in the distressed areas adjoining the Panama City-Colon corridor. This employment opportunity will be offered as widely as possible to reach the largest number of laborers possible. It is estimated that over 500 workers will participate at an average of 20 days per worker. The wage rate of \$10 per day will provide earnings of \$200 per worker, over one-fourth of the average annual cash earnings of the rural poor in the project area.

The project will also strengthen MACANO FORESTAL, S.A., an owner-operated small business specializing in nursery production and reforestation services. At a time when private investment in forest plantations is greatly reduced, a subcontract with this company will help to ensure the availability of seedlings at low prices for private and public sector reforestation projects in the future.

#### V. FINANCIAL PLAN

1. Funds required- The grant requirements are listed below. Since quick implementation is desirable and 30 day advance of funds will seriously hamper success of the project, ANCON will request and receive an advance of \$222,900 for the first three months requirements upon meeting the conditions established in Attachment I, Section F. Monthly financial reports will be provided to A.I.D. A final accounting and project report will be submitted to USAID within 60 days of the termination of the project, scheduled for August 3, 1990.

#### Disbursement Schedule (\$)

	Month 1	Month 2	Month 3	Month 4	Month 5	Total
personnel costs	50,000	40,000	30,000	10,000	4,250	134,250
Commodities	35,000	30,000	25,000	14,000	8,850	112,850
Other costs	2,900	5,000	5,000	5,000	5,000	22,900
Total	87,900	75,000	60,000	29,900	18,100	270,000

75,000  
60,000  
222,700

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## 2. ANCON Counterpart funds

This grant will be supplemented by ANCON's previously scheduled conservation program in the Canal watershed...The work plan budgets \$149,000 for conservation activities in the Soberania and Chagres national parks. ANCON expects donations from STRI, the Tinker foundation, the Nature Conservancy and the Canadian International development Agency and will report on its counterpart investments made in the project areas as funds are received.

Detailed Financial plan follows this attachment.

**REFORESTATION AND RESERVE BOUNDARY MAINTENANCE  
IN THE PANAMA CANAL WATERSHED**

**ANCON's 1990 COMPLEMENTARY ACTIVITIES BUDGET**

	US Dollars
<b>I. Soberania National Park:</b>	
1. Personnel, Training and Equipment	3,500.00
2. Environmental Education, Community Support	1,500.00
3. Conservation and Protection Activities	7,500.00
4. Pipeline Road Repair	15,000.00
5. Long-term Conservation and Reforestation Follow-up and Support (Critical Natural Areas Fund)	50,000.00
6. Biological Inventories and Conservation Research	1,500.00
7. Transportation and Project Administration	<u>1,000.00</u>
Sub-Total	80,000.00
<b>II. Chagres National Park:</b>	
1. Personnel, Training and Equipment	22,500.00
2. Environmental Education, Community Support	17,500.00
3. Conservation and Protection Activities	15,000.00
4. Long-term Conservation Follow-up and Support (Critical Natural Areas Fund)	50,000.00
5. Biological Inventories and Conservation Research	2,500.00
6. Transportation and Project Administration	<u>2,500.00</u>
Sub-Total	110,000.00
<b>III. Institutional Development and Support:</b>	
1. Institutional Development	15,000.00
2. Technical Support	<u>25,000.00</u>
Sub-Total	40,000.00
<b>IV. Total</b>	<b>230,000.00</b>

**Best Available Document**

REFORESTATION AND RESERVE BOUNDARY MAINTENANCE  
IN THE PANAMA CANAL WATERSHED

DETAILED FINANCIAL PLAN A.I.D. GRANT

	US Dollar	Percentages
<b>1. Personnel Costs</b>		
a. Contract Labor	98,750.00	35.83%
b. Contract Macano Forestal	5,000.00	1.85%
c. ANCON Field Supervision	15,000.00	5.56%
d. ANCON Administration	17,500.00	6.48%
<b>Sub-Total</b>	<b>134,250.00</b>	<b>49.72%</b>
<b>2. Commodity Costs</b>		
a. Purchase of Seedlings (*)	26,500.00	9.81%
b. Purchase of Materials	4,250.00	1.57%
c. Purchase of Two Field Vehicle (4x4 Diesel)	28,000.00	10.37%
d. Motorized Brush Cutters	4,000.00	1.48%
e. Hand Tools, Boots, First Aid kits, Machetes	26,200.00	9.70%
f. Micro Computer and Supplies	15,000.00	5.56%
g. Audio visual and Photographic Equipment	5,000.00	1.85%
h. Machinery Spare Parts	3,900.00	1.44%
<b>Sub-Total</b>	<b>112,850.00</b>	<b>41.80%</b>
<b>3. Other Costs</b>		
a. Vehicle Operation Expenses	10,000.00	3.70%
b. Mechanical Services and Maintenance	4,000.00	1.48%
c. Insurance	8,900.00	3.30%
<b>Sub-Total</b>	<b>22,900.00</b>	<b>8.48%</b>
<b>Total</b>	<b>270,000.00</b>	<b>100.00%</b>
(*) Labor Content of 80%		