

Panama Conflict Vulnerability Assessment

ACDI/VOCA

and

**The Center for International Conflict Resolution (CICR) at
Columbia University**

for

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"Development cooperation efforts should strive for an environment of structural stability as a basis for sustainable development. An environment of structural stability is one in which there are dynamic and representative social and political structures capable of managing change and resolving disputes without resorting to violence."

DAC Guidelines - OECD, 1997

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The views expressed in the following assessment are those of the authors and do not necessarily reflect the opinion or policies of USAID or the U.S. Government.

LIST OF ACRONYMS

ANAM	Autoridad Nacional del Ambiente (National Environmental Authority)
APID	Asociación de los Productores Independientes (Association of Independent Producers)
AUC	Autodefensas Unidas de Colombia (United Self-Defense Forces of Colombia)
CBO	Community Based Organization
CICR	Columbia University’s Center for International Conflict Resolution
COPEG	La Comisión Panamá-Estados Unidos para la Erradicación y Prevención del Gusano Barrenador del Ganado (U.S – Panamanian livestock inspection program)
ELN	Ejército de Liberación Nacional (National Liberation Army)
EU	European Union
FARC	Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia)
FAST	The Swiss Peace Foundation’s Early Analysis of Tensions and Fact-finding
GDP	Gross Domestic Product
IBD	Inter-American Development Bank
ICG	International Crisis Group
ILO	International Labor Organization
MIDA	Ministerio de Desarrollo Agropecuario (Panama’s Ministry of Agriculture)
MSD	Management Sciences for Development
NDI	National Democratic Institute
NGO	Non-Governmental Organization
OAS	Organization of American States (Organización de Estados Americanos)
ONPAR	Organismo Nacional para la Atención de los Refugiados (Panama’s National Agency for Refugees)
PDF	Panamanian Defense Force (Fuerzas de Defensa de Panama)
PNP	Panamanian National Police (Policia Nacional de Panama)
PRD	Revolutionary Democratic Party

UNDP	United Nations Development Program
UNHCR	United Nations High Commissioner for Refugees
USAID	U.S. Agency for International Development
UNICEF	United Nations Children’s Fund

Table of Contents:

Executive Summary	6
I. Introduction and Methodology	9
II. Background and History of Violent Conflict in Panama	10
III. Conflict Analysis	11
- Spillover violence from Colombia	
- State Presence and Capacity	
IV. Windows of Vulnerability and Conflict Scenarios	14
V. Early Warning	20
VI. Peace Capacities	21
VI. USAID Analysis	22
VII. Recommendations	25
Annex 1. Identification of Conflict Factors	
Root Causes	34
Mobilization and Expansion Factors	40
Causes related to Institutional Capacity	42
External Causes	45
Annex 2. List of Individuals and Groups consulted	50
Annex 3. List of Documents consulted	55
Annex 4. Interview Protocol	57

Executive Summary

The purpose of the Panama Conflict Vulnerability Assessment is to improve USAID's understanding of the causes of conflict in Panama and to develop specific recommendations for the USAID mission about strategies that diverse actors can implement to encourage the peaceful resolution of existing conflicts and reduce the country's vulnerability for future conflict. CICR was asked to focus the assessment on the regions most affected by spillover from the conflict in Columbia - the provinces of Colon, Darien, Panama, and the autonomous region of Kuna Yala.

The assessment occurred in three phases: 1) a desk study of information on Panama provided by USAID and collected by the research team; 2) a four week trip to Panama to conduct field research; and 3) the analysis of data and compilation of the final assessment report. In analyzing the collected information, the team applied the Conflict Assessment Framework (CAF) created by USAID, which recognizes four broad categories of causation: 1) root causes; 2) mobilizing or expansion factors; 3) institutional factors; and 4) external factors.

One of the findings of the assessment is that in many respects, Panama's development indicators are representative of mid-level developing countries. The country confronts some of the same basic challenges and opportunities as Malaysia and Macedonia, which place above and below Panama on the Human Development Index 2003, as well as some of the factors that decrease or contribute to conflict vulnerability. In regards to the potential for deadly conflict, however, this report argues that two factors specific to Panama make for a heightened sense of urgency. First, the violent spillover from the escalating conflict in Colombia, which although most visible in the Darien because of the large number of refugees and recent rise in violent incidents, has also had a significant impact on Kuna Yala, Colon and Panama City. Causes of conflict from spillover effects primarily include violence from armed actors, refugees and internally displaced peoples, drug and arms trafficking and immigration. Second is the absence of state presence in the communities most vulnerable to conflict in the border areas with Colombia and weak institutional capacity to manage conflict. Factors related to state presence and institutional capacity include an inefficient security sector, absence of or weakness in the rule of law, an inadequate provision of social services and poor environmental management. These conflict causes are closely inter-linked with and reinforced by problems with corruption.

With regard to USAID in Panama, the assessment contends that the basic approach of the Mission in taking a community-led development program in the Darien is valid, and that current programming is benefiting some communities vulnerable to spillover violence. However, the Mission could be more effective and have a greater impact if it were to expand and adjust its development strategies to respond to the recommendations outlined in this report.

Panama's wealth of experience in the area of social dialogue, strong international linkages and high levels of literacy and educational attainment are regarded as important peace capacities that can serve to help communities manage conflict. Based on the understanding of the conflict situation in Panama the assessment finds that current USAID programming is already designed to address many of the conflict factors, and that in cooperation with the broader development community USAID can make additional contributions to peace in Panama. A series of recommendations for action focused on addressing root causes and preventing the escalation of violent conflict are organized in three categories:

1. Expanding existing USAID programs and capacities (geographically and thematically), such as extending the reach of the DECO Darien program to communities most vulnerable to spillover from the Colombian conflict;

2. Creating space for dialogue and other forms of communication between government representatives, security forces, and their constituencies by capitalizing on Panama’s proven capacity for problem-solving through dialogue processes, and
3. Raising the profile of the security and development issues of the most vulnerable communities, primarily in the Darien and Kuna Yala.

Recommendations in brief

Recommendation 1

Broaden the reach of the ACDI/VOCA-led DECO Darien program to include the communities in the border regions with Colombia that are most vulnerable to the spillover effects from the Colombian conflict. This would act as a first step toward increasing the capacity of these communities to deal with refugees and insurgent groups, and reduce their sense of marginalization.

Recommendation 2

Encourage DECO Darien field teams that are working with communities to develop priorities and propose projects to the investment fund to focus on concerns and needs that are common to communities of different ethnic and racial origin in an active effort to foster positive relationships between groups. USAID can facilitate a process that brings communities together to identify shared development needs and allows groups that are at odds with each other to come to the realization that they share many objectives. The mission should prioritize offering support to projects that require cooperation and foster inter-dependence between communities.

Recommendation 3

USAID should continue its efforts to strengthen civil society organizations and expand the geographic reach of these initiatives to Kuna Yala and Colon. Projects could involve providing technical assistance, organizational strengthening, civic education and leadership training to NGOs and CBOs in these areas.

Recommendation 4

Coordinate with MIDA and ANAM to increase technical assistance for agricultural diversification and sustainable farming techniques. USAID could facilitate workshops on resource planning in the Darien and Kuna Yala that include participation of government representatives (in particular from MIDA and ANAM) and community members.

Recommendation 5

Strengthen and expand existing public integrity and judicial reform programming through a series of activities including support for a public awareness campaign, working with Transparency International to introduce Public Integrity Testing, and link the work of the mediation center to Panamanian universities. In order to address the needs of some of the most marginalized communities such as those in the border regions of the Darien, USAID should expand its judicial reform program beyond Panama City, and consider creative responses to the lack of government judicial representation such as Houses of Justice program implemented by USAID Colombia, or organizing conflict resolution training for community leaders.

Recommendation 6

Coordinate with and garner support from the Country Team at the U.S. embassy in Panama to initiate a dialogue process on the topic of security in the Darien. One possible approach is to sponsor a facilitated problem-solving workshop, bringing together local representatives from the security forces, local government officials, community members and leaders in a discussion to identify security concerns in the region and possible ways that each group could contribute to improving the situation.

Recommendation 7

Support initiatives to create fora where citizens and students can engage in debate and dialogue on various political and social issues in order to avoid potentially violent confrontations and aggressive disturbances in public spaces. USAID could work with the universities and NGO community to come up with a series of activities that would open up more democratic space for communication between citizens, political candidates, and elected leaders. One example is a radio campaign that invites diverse Panamanian civil society leaders to talk about the issues that are most vital to their communities and offers elected officials and candidates an opportunity to respond. Another example is a series of town meetings around the country with the objective of developing a list of priorities for governance in the different regions. USAID could provide support to national newspapers to cover such a process.

Recommendation 8

Promote and support positive cross-border initiatives by civil society organizations active in the Colombian and Panamanian Darien to reduce the fear, suspicion and resentment that many communities feel toward Colombians. USAID should encourage positive interactions between Panamanian and Colombian communities facing similar problems and working toward common goals of security and productive economic development by facilitating connections between civil society initiatives.

Recommendation 9

Continue to support the reform and expansion of state institutional presence in the Darien in order to assist this region in overcoming its challenges of poverty and underdevelopment, and become resistant to and able to peacefully manage conflict factors. This increased presence needs to come in many forms and include more opportunity for secondary and higher education, better access to courts and justices, as well as improved representation of ministries that deal with pertinent issues such as the environment, refugees, immigration, etc. USAID can contribute to this aim and increase its positive impact on the development situation in the Darien by ensuring rapid delivery of its projects and improving coordination and communication with Panamanian government agencies in identifying and addressing specific areas of need. USAID should also make a concerted effort to raise the profile of the relationship between security and development issues of these vulnerable communities, in conjunction with implementation of recommendation 6. Linking development deficits with security concerns, the Mission should include a periodic analysis of the conflict situation in its project implementation, monitoring and evaluation.

I. Introduction and Methodology

Conflict is inherent in all societies and is a normal feature of change. Without proper mechanisms for managing or resolving conflict, however, tensions and disagreements between groups can become destructive and turn violent with devastating consequences for societies, and, ultimately, for regional and international stability. Development organizations increasingly are recognizing the complex relationship between development interventions and conflict and, as such, have developed analytical tools to better understand factors that cause conflict in order to assess the impact of assistance on, and identify opportunities for, programming in conflict vulnerable areas. Conflict assessment tools also are applied as part of participatory processes to engage stakeholders in zones of conflict in active learning relationships.

The Panama Conflict Vulnerability Assessment was undertaken by Columbia University's Center for International Conflict Resolution (CICR) as a subcontractor to ACDI/VOCA for USAID during the period of August - November 2003. The purpose of the assessment was to improve USAID's understanding of conflict and its causes in Panama, and to develop specific recommendations for the USAID mission about strategies that local, national, and international actors could implement to encourage the peaceful resolution of existing conflicts, as well as to reduce the country's vulnerability for future conflict. CICR was asked to focus the assessment on the regions most affected by spillover from the conflict in Colombia - the provinces of Colon, Darien, Panama, and the autonomous region of Kuna Yala.

The CICR conflict assessment team was composed of four members: three expatriate researchers (two traveling to the field and one providing support from New York) and a local Panamanian counterpart. The assessment occurred in three phases, beginning with a comprehensive desk study that included identifying and reviewing information on Panama and USAID programs in the country and conducting interviews in Washington and New York. During the second phase of the process the research team spent four weeks in Panama conducting interviews and focus groups with representatives of government, security forces, local and international non-governmental organizations (NGOs), religious organizations, staff of the USAID mission and U.S. embassy, and other representatives of the international development community.¹ In order to ensure consistency in the data collected, the team used a survey instrument as a guide, and adapted it as appropriate.² The field research included visits to all four of the regions of focus and meetings with members and leaders of diverse local communities. The third and final stage of the project entailed an in-depth analysis of data, drafting of possible conflict scenarios, development of strategic recommendations, and compilation of this information into a final report.

In analyzing the collected information, the team applied the Conflict Assessment Framework created by USAID, which recognizes four broad categories of causation: 1) root causes; 2) mobilizing or expansion factors; 3) institutional factors; and 4) external factors. The analysis section of the report focuses on the two umbrella factors that are deemed most relevant to conflict vulnerability in Panama. (A detailed list of factors according to the four CAF categories is included in Annex 1.) Based on the identification of conflict factors, the team has identified windows of vulnerability, also thought of as moments when "trigger" events can more directly precipitate the outbreak of violent conflict, and has developed a series of scenarios. These plausible futures are based on information available on the current situation, and are useful for illustrating the context and possible impact of these triggers. The scenarios section is followed by the presentation of an early warning model, and an examination of Panama's peace capacities. The final two sections of the paper provide a succinct overview of current USAID programming and its

¹ For a full list of individuals consulted see Annex 2. The term respondent is used throughout the report to refer to individuals interviewed by the team in the field.

² For the text of the interview protocol see Annex 4.

impact on conflict dynamics in Panama, and the presentation of a series of recommendations for action focused on addressing root causes and preventing the escalation of violent conflict.

II. Background

Due to its strategic location on the eastern isthmus between North and South America, with coasts that border both the Caribbean Sea and the North Pacific Ocean, Panama has long been an international crossroads, where oceans and continents collide. This position as a transit zone and international marketplace has shaped Panama into a mosaic of different peoples and languages, with rich cultural traditions and a well-developed financial and commercial infrastructure. It is also a country of many contrasts, with rich and poor, highly educated urban professionals and illiterate rural peasants, a modern service economy and a depressed agricultural sector.

History of Violent Conflict in Panama

A country's past experience with violent conflict is often considered to be one of the most significant indicators in predicting vulnerability to future conflict. Panama's limited encounters with violence during the past 100 years of its existence as a Republic thus suggest that the country is at low risk for future violence according to this criterion.

Panama achieved its independence from Colombia in 1903 in a non-violent secession that was supported by the United States. During the 100 years of its modern history as a Republic, the greatest conflict Panama experienced was the 1989 military intervention by the United States that ousted the military regime of General Manuel Antonio Noriega. After a coup in 1968, during which the National Guard (later succeeded by the Fuerzas de Defensa de Panama or FDP) seized power from the commercially oriented oligarchy that had dominated the political scene until that time, the military held onto power for 21 years and managed to establish vast institutional control of national life. In 1987 the U.S. started openly pushing for the removal of the FDP from power, as they were reputed to be involved in narco-trafficking and money laundering, and called for a transition to genuine democracy in Panama. When diplomatic pressures failed, tight and devastating economic sanctions were imposed against Panama in order to force change. The effort to topple Noriega, who by 1988 was regarded by U.S. policy makers as a ruthless dictator, drug dealer, and threat to the international community, however, proved to require a more severe intervention.

In 1989, after a series of minor incidents involving Panamanian soldiers and U.S. Southern Command personnel, the Noriega-controlled Legislative Assembly declared that Panama was at war with the U.S. In response the United States sent 27,000 troops into Panama to seize its authoritarian leader and restore political order. About 650 Panamanian civilians and troops and 23 American soldiers died in the military action called Operation Just Cause, and the Panamanian economy is estimated to have suffered \$1 billion in losses largely due to the looting that followed the bombing of the city.

Current Political and Economic Context

Since the 1989 intervention, the country has held three successive democratic civilian elections to fill the positions of the president, the two vice-presidents and a unicameral 71-member Legislative Assembly, that are considered by international monitors to have been free and mostly fair. [Votes in the 1999 presidential election also counted for the first time towards the election of 20 members of the Parlamento Centroamericano (Parlacen, the Central American parliament) on a proportional representation basis.] A series of corruption scandals over the past few years, however, have translated into a growing lack of trust in and respect for democratically elected representatives. As Panama gears up for its next national election to be held in May 2004, the country is still regarded as a young and fragile democracy.

Economically, Panama has experienced a period of great transition over the past ten years. During the first two post-Noriega governments, the country went through the difficult process of demilitarization, which posed a significant challenge to this small country. At the same time, an influx of much-needed foreign capital investment made spending on education, health and infrastructure possible, and the country made notable political and economic progress. The country's progress in the past few years has been slowed, however, due to a perception of rising corruption, coupled with a severe economic downturn. The canal and the economic system derived from its operations continues to fuel the nation's service sector, providing a significant contribution to the country's GDP and generating 196,000 jobs, or 20.4% of the country's total employment.³ As such it plays a decisive role in the country's economy, social and political life as well as its foreign policy and diplomatic relations.

III. Conflict Analysis

USAID's framework for analyzing vulnerability to conflict recognizes that any development actor seeking to contribute to conflict prevention or, at a minimum, avoid exacerbating existing conflict needs to examine the various factors that contribute to grievances and divisiveness along structural fault lines. Besides offering a clearer identification of opportunities for integrating conflict-ameliorating and preventive measures into development programming, this type of analysis provides a means for exploring the impact of current development activities on conflict situations to ensure that programs are not inadvertently contributing to the escalation of violence.

This section of the report identifies factors that are viewed as contributing to Panama's vulnerability to conflict under two umbrella headings that were chosen for their significance in the Panamanian context: 1.) factors related to the spillover violence from the Colombian conflict, and; 2.) factors that can be attributed to state presence and capacity. Please note that despite this division into categories, many of the conflict factors listed below are, in fact, closely inter-linked and often act to reinforce one another. For additional details and further discussion about individual conflict factors please refer to Annex 1 of the report.

1, Spillover violence from Colombia

Active conflict in a neighboring country is likely to lead to violence spilling over the border and causing a threat to the security and stability of that country. The USAID framework, the World Bank, the Clingendael Institute that works in conjunction with the Dutch government and several other agencies engaged in conflict analysis therefore consider a state's location in a "bad neighborhood" to raise the risk of conflict. The findings of this assessment confirm that many of the factors that are responsible for current violence in Panama and the country's vulnerability to future conflict are related to the civil war that has raged in Colombia for many years. The effect of the spillover violence on Panama is analyzed below according to individual factors that are related to the Colombian conflict, as well as their interaction with existing conflict dynamics.

Attacks by armed actors: Among the most visible manifestation of the spillover effect of Colombia's conflict has been violent incursions and kidnappings by armed Colombian actors in remote Darien communities, such as the brutal incident that occurred in early 2003.⁴ These incidents have occurred primarily in the remote rural areas and are attributed to leftist guerilla fighters and right-wing paramilitaries who have expanded the geographic scope of their civil conflict into Panamanian territory.

³ Study by consulting firm Intracorp, La Prensa Sept 30.

⁴ On January 18 2003, a right-wing paramilitary death squad assassinated four Kuna leaders in the community of Paya in the Upper Tuira region. The attack is believed to have been in retribution for these communities cooperating with members of the Colombian Revolutionary Armed Forces (FARC) and to instill terror. As a result hundreds of Kuna fled down the river Tuira for safety.

The exceptionally porous border between the two countries is a result of a combination of a dense jungle forest cover and a weak presence of security forces, and has facilitated this expansion. The marginalization of many of these communities by the state, coupled with a severe lack of economic opportunities has resulted in some groups within the population establishing relationships with the Colombian armed actors that are in part based on commerce and in part for self-protection. This interaction has increased the vulnerability of these communities to attacks, however, by drawing them into the physical sphere of fighting and making them to some extent participants in the Colombian conflict by collaborating with one side or the other, and thus targets of revenge killings by paramilitaries and insurgents. Violence from Colombian insurgents also comes in the form of kidnappings, that are carried out as an income generating activity, for gaining leverage in political negotiations as well as a means of maintaining an environment of fear and insecurity in the region, which contributes to keeping the area isolated and allows illegal actors to continue using the Darien as a refuge from Colombian government forces.⁵

Colombian refugees and internally displaced persons: Years of armed violence and instability in Colombia are blamed for an influx of Colombians to Panama, some of whom are identified as refugees and others who have been granted temporary humanitarian protection. Currently there are an estimated 1,500 Colombians in Panama who fall into this category, although this figure does not take into account a significant number of indigenous who have also been displaced because of the violence (historically these groups have moved freely across the border often without being associated with one state or the other and when displaced often settle with family members in the autonomous comarca territories.)⁶ Most of these individuals have fled to poor rural areas the Darien and Kuna Yala where they live alongside Panamanian communities, largely assisted by humanitarian agencies such as UNHCR, the Red Cross, UNICEF and the Vicariato de Darien.

The reaction of the communities that have received refugees has been mixed and varies according to location but at present the relationship seems to be friendly and accommodating. An initial feeling of resentment by some Panamanian residents, who for the most part live in extreme poverty and thus were angered by external resources being extended to refugees and not their communities, but this appears to have subsided as aid programs have been adjusted to benefit both the receiving and the refugee communities. There are, however, still concerns about the communities' ability to absorb this increase to their population, and there is fear that if these refugees are allowed to stay conflict will arise in future over access to scarce resources such as land.

In many ways the conflict created by displaced Colombians in the Darien and Kuna Yala has more to do with the relationship between refugees and government officials (in particular Panamanian security forces) than with receiving communities. Many of the refugees are considered to be either members of or have family relations with the Colombian insurgents and therefore are treated with suspicion and distrust. Several refugees have been denied the right to move freely, and are thus limited in their ability to work, most live in constant doubt and fear about their future and some have been deported under circumstances that have been loudly criticized by several human rights and civil society groups both domestically and internationally⁷. A secondary effect that this conflict between displaced Colombians and Panamanian

⁵ A recent example of this type of violence is the incident that occurred in January 2003, when three American travelers, including a National Geographic reporter, were kidnapped by a splinter group of the AUC and held hostage in the jungle for ten days.

⁶ Estimates of the exact number vary from a low of 1000 to a high of 1500 with the higher figure used by UNICEF, the Congressional Research Service and the International Crisis Group.

⁷ In April 2003, Panama forcibly repatriated 109 Colombian refugees, including some with temporary humanitarian status. The U.S. Committee for Refugees condemned the action as a gross violation of the rights of refugees and

officials has had is to create severe tensions and ruptures between representatives of the state and NGOs working in the area delivering aid to Colombian refugees. Representatives of local and international groups that have been working with refugees and receiving communities have been publicly accused of being FARC "collaborators" or "sympathizers" and blamed of preventing the Panamanian forces from dealing appropriately with the insurgents. Hostility by the Panamanian police in particular has made development efforts and humanitarian relief in these communities difficult and threatens to dampen positive involvement by local and international civil society organizations that are working with poor and neglected communities.

According to reports, cooperation between Panamanian and Colombian officials and with NGOs, local communities and displaced persons appears to have been improving in recent months. Continued cooperation and open dialogue is needed to further mitigate outstanding conflict factors and allow for positive future development activity.

Colombian immigration: In addition to the Colombians who have fled across the border to escape direct violence from the armed conflict and have claimed refugee or temporary humanitarian relief status, there has also been a surge in Colombian immigrants who have come to Panama in search of a more secure and stable environment as well as better socio-economic opportunities. The precise number of Colombian immigrants in Panama is unknown since many remain undocumented or stay in the country on three-month tourist visas that are renewed on a regular basis. Estimates range from a low of 66,000 to as high as 200,000, with the largest concentration located in the urban areas of Panama City and Colon. The growing conflict caused by this large number of immigrants from Colombia relates to a concern that Colombians are taking scarce jobs from Panamanians. A secondary issue is the perceived correlation between the rising level of violent crime, such as armed robberies and kidnappings, and the increase in the number of Colombians living in Panama.

Narco-trafficking: Another factor that contributes to violence and is related to the Colombian conflict is the extensive drug trade that is believed to be in large part financing the armed actors. While a large portion of the drugs are transported by land or sea through the Darien and Kuna Yala, they are usually brought to the urban areas of Colon and Panama City to await shipment to the United States. Therefore, all four of the provinces covered in the assessment are affected by this spill over violence.

2, State presence and capacity

The absence of state presence and weak institutional capacity is the second umbrella factor that contributes to Panama's vulnerability to violent conflict. The USAID Conflict Assessment Framework points out that in analyzing each of the conflict factors that make up a causal chain, one can liken institutions to being "the filter through which all of the other causes have to pass." The lack of state presence is most crucial in the areas of security, rule of law, provision of social services such as education and healthcare, and environmental management, particularly in the Darien and Kuna Yala.

Security: As described above, guerilla forces from Colombia have moved freely into and out of a poorly defined and uncontrolled border area that they use as a supply base and sanctuary for years. With no standing army, Panama's police have the difficult task of guarding this border with Colombia that runs along a thickly forested and remote jungle area with little in the way of manpower or resources. According to a recent report by the RAND Corporation, a California-based think tank, outside of major

urged Panama to take steps to ensure that the Panamanian authorities do not forcibly return other Colombian refugees. The UN High Commissioner for Refugees (UNHCR) expressed concern regarding the returns, and the Organization of American States' (OAS) InterAmerican Human Rights Commission called for the safeguarding of Colombian refugees in Panama from future forced returns.

towns, Panamanian authority is assessed as having lost control of the southernmost province of the Darien. The report describes this area as having effectively become an extension of the Colombian northwestern theater of operations and a critical node in the Colombia narco-traffickers and guerrillas support structure.⁸

Rule of Law: In many of the areas covered in the assessment, the population does not have access to state mechanisms for resolving conflict through peaceful means. In the Darien the state judicial system is virtually absent. With one courthouse in the province and transportation costs high, most communities are left with the responsibility of resolving their own disputes. This dire lack of institutional presence has not only left the door wide open to unchecked corruption and inefficiency, it has also resulted in a failure to develop a coherent culture of law and justice. Furthermore, it has served to reinforce the detrimental impact of ethnic discrimination and compound the problems of poverty and inequality. One representative from a local NGO dealing with legal reform presented the situation in that province quite bluntly: "If the law is so far from the people, how are they supposed to resolve their conflicts?" In a study based on fourteen country cases the Netherlands Institute of International Relations found that weak institutional capacity of government (to mediate, provide services to reduce dissatisfactions, or maintain sovereign authority) in regions have contributed to the outbreak of violence.⁹ As Barney Rubin, who is a Senior Fellow at the Center on International Cooperation points out in his recent book, *Blood on the Doorstep*: "Weak states not only incite or fail to prevent domestic revolts or conflicts but are also open to contagion from states in the neighborhood."¹⁰

In Panama City the overburdened and inefficient judicial system lacks the ability to deal adequately with the number of cases it is presented with and is frequently criticized for being hampered by political interference. An assessment by the National Democratic Institute for International Affairs (NDI) and The Carter Center conducted in April 2003 found that many Panamanians have expressed serious concerns about developments regarding the Supreme Court.¹¹ The report indicates that people regard the Court as having become politicized both in terms of the manner of appointment of new judges and in the personalities of the judges themselves. It concludes that this has definitely negatively affected the public credibility of the Court in terms of expected impartiality.

Provision of social services: The historic isolation and inaccessibility of the Darien, certain parts of eastern Panama and to a certain degree Kuna Yala, is the government's justification for its failure to provide a social safety net for the population of these areas. Geographic difficulties, however, do not fully account for the government's neglect of these communities, many of which are not provided with basic social services such as healthcare and education, and whose communities lack basic infrastructure such as potable water, sewage systems, and means of communication and transportation. According to several local sources the answer must be found in a combination of the government's lack of political will to confront the enormous development challenges of these areas and exclusion because of ethnic and racial discrimination. In some of the most remote areas bordering Colombia there is also the additional factor of a perception among authorities that strengthening these communities will facilitate the region's absorption into the Colombian conflict.

Environmental Management: In the Darien where environmental degradation and competition over natural resources are known to be acute, the government environmental agency ANAM has a minimal presence, and ranger stations have been closed this year due to security concerns. Agency officials

⁸ The Rand Corporation. *Arms Trafficking and Colombia* 2003.

⁹ Robert Muscat. *Investing in Peace: How Development Aid Can Prevent or Promote Peace* 2002 p146.

¹⁰ Barney Rubin. *Blood on the Doorstep* p28.

¹¹ NDI & The Carter Center. *Panama Pre-Election Assessment Report* April 30, 2003

concede that even offices that are operating lack the resources to carry out their functions, which include among others the monitoring of illegal logging and resource extraction, as well as mitigating any potential disputes. As a second example, this province has been known to be extremely vulnerable to and affected by refugee flows across the Colombian border. Nevertheless, there is no government representative stationed in the region to deal with this issue. ONPAR, the agency mandated to mitigate conflicts arising from the inflow of refugees has no physical presence in the province.

IV. Windows of Vulnerability and Conflict Scenarios

Conflicts often have unpredictable dynamics, and certain events that precipitate violence cannot be foreseen. However, when several known conflict factors are present in a country or community, there will be identifiable moments in which vulnerability to conflict will be increased. The USAID Framework refers to these moments as windows of vulnerability, when some events act as potential “triggers” to spark violence. Similarly, some factors are believed to act as “accelerators,” working to steadily increase the significance of root causes in the conflict context. This section identifies several triggers and accelerators that represent windows of vulnerability, early warning, and develops possible conflict scenarios that could transpire in Panama over the next five years based on these factors.

Please note that the scenarios presented here are not mutually exclusive and are not arranged by any rank or order. Furthermore, the combination of two or more of these future scenarios unfolding simultaneously is possible. It is reasonable to expect the potential for deadly violence to increase with the number of scenarios unfolding at any given time. Scenarios are grouped into the same two umbrella categories used in the conflict analysis: 1.) those that are connected to Colombia spillover violence, and; 2.) those connected to the lack of state presence or weak institutional capacity.

1.) Scenarios related to spillover violence from the Colombian conflict

Scenario 1. Violence due to the presence of Colombian armed actors

There is widespread concern that the Colombian spillover violence experienced by Panama in recent years will continue at similar or increased levels if the conflict in Colombia is not resolved. FARC and paramilitary incursions are likely to continue at approximately the same pace and scale and there are no significant changes in the presence of the Panamanian National Police (PNP) or the rules of engagement in the border regions. The areas most affected by such incursions have been and will continue to be the Darien, and, to a lesser extent, Kuna Yala.¹² One trigger that was identified as having the potential to change the situation and lead to an escalation in violence was a drastic change in the approach of the Colombian government in dealing with the FARC. Colombian President Uribe’s hard-line tactics in the past few years are believed to have already contributed to violence in Panama, with the Colombian paramilitary push into the Darien considered to be a tangible manifestation of this phenomenon.

- In the event that the Uribe government steps up its pressure on the Colombian guerillas there is a possibility that this group could decide to take advantage of the lawlessness and remoteness of the Darien and seek refuge there. This fear was articulated by several respondents and supported in a study undertaken by the Rand Corporation in 2001. While the FARC has had a presence in the territory for many years, this scenario envisions a dramatic increase in their number and a shift from

¹² La Bonga, close to Puerto Obaldia in Kuna Yala, was repeatedly referred to as a point of violent contact between displaced Colombian communities and Colombian armed actors, primarily the paramilitary AUC. Nearby Titina also has experienced significant violence in past years.

using Panama as a place for rest and relaxation to a base of operations. These insurgents remain heavily armed and are well supplied with sophisticated communications technology, which makes it very difficult for Panamanian security forces, without the training, the equipment or the manpower, to control them. An increased presence of guerillas would likely lead to more incursions by paramilitaries, violence from confrontations with the PNP and Colombian military, kidnappings and murders related to FARC activity, and potentially higher volumes of drug and arms trafficking.

- The response of the Panamanian government to a more hard-line approach by the Uribe government may be to increase the strength of the PNP in the border regions, either as a response to pressure to take more concerted action against the insurgents or as a preemptive move to deter their movement into Panamanian territory. If this area were to become more militarized, the potential for conflict would also increase as violent encounters between FARC, PNP and paramilitaries would escalate in number. Furthermore, the hostile treatment by the PNP of the NGOs working in the area delivering aid to Colombian refugees would be likely to become more acute, making development efforts and humanitarian relief extremely difficult.
- In either of the cases above, an increase in fighting between Colombian security forces, FARC, PNP and paramilitaries is likely to lead to increased flows of refugees and internally displaced persons. As already witnessed in communities such as Jaque and Boca de Cupe, a large inflow of peoples can be seriously destabilizing to these poor border communities where economic resources are already scarce and population pressures have led to increased tensions and resentment. An escalation in violence is likely to increase Colombian immigration to urban areas as well, as middle class families and professionals seek a more stable environment in Panama, a factor that has already led to tensions and conflict as described in the analysis section of the report.
- Finally, it is reasonable to expect that a more aggressive approach to the FARC by the Colombian government could be coupled with an increased effort to crack down on the drug trade that is believed to be funding the guerillas' activities. If this is the case, narco-traffickers are likely to increase their presence and operations on Panamanian soil, to take advantage of the weak state presence and rule of law as well as the protection offered by the triple-canopy forest of the Darien. This could mean an increase in the number of labs used for processing, warehouses or bases of operation and recruitment of local populations. In any form it would also contribute to increasing volatility and vulnerability of the area to violence.

Scenario 2. Violence from marginalized local populations engaging with Colombian insurgents

The following scenario is closely related to the one above but is presented separately to make a clear distinction between the focus on security and policing in the former and an emphasis on development in the latter. Taking into account that the Darien probably will continue to experience a presence of Colombian armed actors within its territory in the next three to five years, the possibility that communities near the border increasingly may embrace and provide support for Colombian insurgents should be evaluated. One potential trigger event (in addition to those presented above) that has the potential to precipitate this occurrence is a sharp decline in the development and humanitarian assistance from international and local NGOs these communities have come to rely on without a corresponding increase in government resources. Accelerating factors that could lead to this scenario include continued marginalization, deprivation and neglect by the government, increased unemployment, lack of access to markets as well as stigmatization and mistreatment by the police force.

- If these border communities remain isolated and poor, with no government presence, there is a strong possibility that members of the local population increasingly will engage in commerce and trade with

Colombian insurgents, possibly building stronger relationships and increasing their use and presence in this territory. Furthermore, the FARC could begin to take advantage of the population's disenfranchisement to seek recruitment for their rebel movement, especially through promises of employment and material rewards to uneducated, frustrated youth. This clearly could lead to an escalation of violence as the number of paramilitary attacks would be sure to increase and the Darien would become more absorbed into the Colombian conflict.

[The majority of respondents questioned during the field research rated the likelihood of this scenario coming to pass in this near future as relatively low, explaining that Panamanians have a strong sense of identity as Panamanians and are generally disinterested in becoming involved with Colombia's internal affairs. Furthermore, Panama's citizens have a history of peace and a corresponding cultural aversion to sustained violence, as evidenced by the widespread public outcry for the government to take measures to halt rising crime and provide better security. However unlikely this scenario may be, the team felt that its possibility should not be summarily dismissed.]

- In a different vein, poor and neglected farmers frustrated with the low prices they receive for commodity crops (because of exploitation by intermediaries and/or their continued inability to get these goods to market) could turn to coca cultivation or processing as a means of improving their economic lot.¹³ Continued lack of economic opportunity could also increase the incentive of these individuals to participate in other lucrative illegal activities already being carried out in the area such as arms dealing or trafficking in peoples.

2) Scenarios related to the absence or weak capacity of state institutions

Scenario 3. Violence over land rights in eastern Panama and the Darien

If the government of Panama remains unwilling or proves unable to address the issue of internal migration to eastern Panama and the Darien adequately, thus failing to mitigate conflict related to land grabbing and land titles, the likelihood is high that localized violence in this area will continue, and possibly escalate. A continued inflow of Latino *campesinos* to this area will act as an accelerator of conflict. Proposed legislation known as the *ley de las tierras colectivas* would give the Embera and Wounaan land title to the various territories in eastern Panama and the Darien they have lived on for many years, as well as provide them with legal protection against further settlements. This law is regarded as a potential conflict trigger.

- If the *tierras colectivas* law fails to pass or is blocked (e.g., the executive-appointed Supreme Court strikes it down on constitutional merit or in the pressure of an election year officials deliberately postpone a decision), Panama is likely to experience higher levels of sustained violence in communities most affected by the issue. Although several communities have land title concerns, the flashpoint areas are those where demographic and resource pressures are severe and patience with the government is running out. The communities of Ipeti and Arimae along the Inter-American highway are two examples where such tension is extreme. Indigenous respondents in these and other nearby communities expressed unambiguously that violence will be assured absent enactment of the law, or some alternative measure to halt migration to the area.

¹³ According to some respondents and secondary sources limited coca production is suspected of already occurring in parts of Darien, and a few processing labs are thought to be operational there.

- In the event that the *tierras colectivas* law is passed, and the government acts swiftly to enforce the land titling policy, the level of vulnerability to sustained and more frequent violence is likely to be very low. Appropriate government response would include, but not be limited to, drawing definable boundaries, enforcement of demarcations, and working to encourage a drastic reduction in the rate of internal migration from Panama's interior.
- Should the law pass but the government fail in its duties of enforcement, the potential for conflict will increase. Having been granted official ownership of the land, indigenous groups initially may try to pursue peaceful means to enforce their rights, using recourse to existing legal mechanisms such as the Inter-American Court of Human Rights. Over time, should legal instruments of this nature fail to address their grievances satisfactorily and population and resource pressure continue to mount, however, there is a possibility they might resort to more violent means.
- Passage of the *tierras colectivas* law could, however, trigger increased politicization of inter-ethnic tensions that may generate further resentment and backlash against Indigenous communities by Latino and Afro-darienitas.¹⁴ Several members of those groups have articulated in interviews and media reports that they feel that indigenous peoples have more than their fair share of land already. They interpret the fact that the Kuna, Embera and Wounaan have been granted autonomy over four relatively large areas of land in the past decade as a sign that these groups are trying to take control of the entire province.¹⁵ As previously mentioned, national, regional and local politicians have been exploiting this competition and sense of insecurity in recent years for political purposes, employing divisive and provocative language. It is highly likely that this behavior will continue in an election year. Vitriolic rhetoric will continue to generate increased hostility, and could potentially incite an escalation of localized violence between groups along ethnic lines.

Scenario 4. Escalation of criminal violence

Respondents overwhelmingly identified rising criminal violence as a source of great concern. The feeling of public insecurity is exceptionally high in Panama City and Colon, and the population has expressed a lack of confidence in the government's willingness and ability to address this issue. While there is no identifiable trigger to precipitate this scenario, rapid economic decline and a reduction in public spending on social services are two potential factors that could act as accelerators and lead to a significant increase in criminal violence.

- If Panama's economy worsens due to global recession, or some factor that reduces the demand for the country's canal and port services, it is reasonable to expect that there would be a corresponding rise in unemployment. This increase in joblessness likely would lead to more criminality as frustrated and desperate people increasingly turn to illegal activities to earn their income. Higher rates of street violence and homicide in turn would have the effect of deterring foreign investment and scaring away tourism revenue from luxury cruise liners that the city of Colon especially has been working to attract, creating a downward conflict spiral that could have devastating effects.

¹⁴ As the struggle over land and resources has become more heated, Latino and Afro-darienita communities have developed an alliance, which can be partially explained by the fact that they have similar views on land usage and development, and they share a common language. In response, the already well-organized Kuna have joined forces with some Embera-Wounaan communities, despite cultural differences, to increase their strength in the struggle to maintain their traditional boundaries.

¹⁵ Wargandi and Madungandi are autonomous regions administered by the Kuna. The Cemaco and Sambu Comarcas in Darien province are Embera-Wounaan.

- If the government were to cut social spending significantly, especially for programs that primarily impact the poor populations, such as housing and healthcare subsidies, this would increase inequality and poverty, and also likely lead to a rise in criminal activity. Although a sharp reduction in social spending is not to be expected in an election year, Panama by law must not accumulate debt in excess of 2% of its total annual budget. Exceeding this limit triggers fiscal austerity measures, which could force the government to make spending cuts. Social programs largely benefiting the poor could be first on the list of potential reductions.
- Alternatively, a state with pervasive corruption and a weak and ineffective judicial system is an ideal environment for organized crime. If the escalation of violence is not addressed through the strengthening of state institutions, there is a possibility that Panama becomes more attractive to mafias of various nationalities (anecdotal evidence already points to activity by Colombian and Chinese groups in particular). An increased presence of organized crime is highly likely to result in more violence.

Scenario 5. Chronic, mass violent protest

Some of the main causes for protests in the urban areas are resentment over government corruption, abuse of power, and perceived disrespect of citizens' rights, as well as frustration over the inability to combat poverty and unemployment. In this scenario, sustained mass protests increase in frequency and on more occasions involve violence. One of the most evident windows of vulnerability for increased violence during street protests is the upcoming national election in 2004. Accelerating factors or triggers that also could contribute to increasing the likelihood of this conflict scenario are an economic shock or continued high-profile corruption scandals. With tension from the number of foreigners in Panama running high, an increase in immigration is also regarded as an accelerating factor. Suspicion and resentment of Colombians, who are the largest group of foreign nationals in Panama and are often accused of engaging in criminal and violent activities, is particularly acute. Thus, a growing concentration of Colombians in the urban areas of Panama is also a factor that could lead to an escalation of violent street protests.

During the period in which the field research was carried out there were a series of public demonstrations over social security reform, some of which involved violent confrontation with security forces, as well as media coverage of several corruption scandals. Reports in the media and statements by experts indicate that these violent reactions to government policy were, in fact, an expression of deep-seated frustration over governance more generally, exacerbated by fear and insecurity about the future, and translating into aggressive impulses.¹⁶

- As the political climate heats up in the upcoming election year, Panamanians are likely to be more aware of and sensitive to political affairs. If corruption scandals continue and more evidence of the government abusing its power emerges, there is a good possibility that more street protests and more violence could occur, especially if police use excessive force to quell these disturbances as they have in the past. Panama City and Colon are disproportionately vulnerable to this type of hostility, given the large number of people living there, and the relative ease of organization.¹⁷ Violence likely will take the form of roadblocks, trash and tire burning, property destruction, and stone throwing. Suspicion of electoral fraud or irregularities, which would not be an unfamiliar phenomenon in

¹⁶ For example: La Prensa Sept 12 'Miedo a la inseguridad trae caos'.

¹⁷ The burgeoning Internet small business stores and kiosks have proven invaluable to protest organizers looking to expand their base and turn out large numbers of citizens for significant protest gatherings.

Panama, also could trigger violent protest. An increase in violence from mass protests would have a similar effect of deterring foreign investment and worsening the overall economic situation that was described in the scenario of rising criminality, and also would contribute to rising social and political instability.

Scenario 6. Peace in Colombia brings rapid change to Panama's Darien (a longer-term projection)

The Colombian conflict has raged for more than four decades, and does not show many signs of slowing down, which makes it unlikely that there will be a lasting peace in that region within the next five years. However, it is plausible that the conflict could be defused or contained in coming decades. The demobilization of 800 paramilitary troops last week is a hopeful sign. This scenario contemplates longer-term strategies for development in the Darien and addresses the question about a possible road-extension past Yaviza, in the context of a resolution of the Colombia conflict.

- Peace in Colombia would have obvious positive effects on Panama. Violent incursions by armed actors presumably would cease and it is likely that drug trafficking would subside with the elimination of the protection afforded to this industry by the FARC infrastructure. Immigration from Colombia most likely would decrease, as would incumbent refugee flows (assuming an upswing in Colombia's economy in the post-conflict setting). This would open space for the Panamanian government to provide vital social services to the impoverished and marginalized border communities of the Darien and Kuna Yala, and start to integrate these populations into the national economy and identity.
- An end to the Colombian conflict could, however, also open up the possibility for conflicts within Panama. To some extent, the view of the Darien as an untamable and untouchable land has been maintained precisely because of its level of insecurity. Development and exploitation of this environmentally diverse and resource rich region is prevented by the threat of Panama's absorption into the neighboring conflict. With peace in the area, the desire to tap into the wealth of this land would increase and could escalate a number of simmering problems in the Darien and potentially introduce new ones, as national and international corporations, government actors, and smugglers compete for access and control. This might include unsustainable resource extraction, increased internal migration, environmental degradation, and loss of biodiversity, among other negative impacts.
- In the event of peace in Colombia, the idea of extending the Inter American highway past Yaviza to Colombia surely would be resurrected. While the project was shelved primarily due to the civil conflict, several respondents identified this project as a potential trigger for future conflict. As mentioned in previous sections, the project of the highway's construction in the Darien already has led to massive environmental degradation, interethnic tensions over divergent views of development and land use, competition for scarce resources, disputes over land rights, destabilizing migration, and a number of consequent social problems. This has been the case despite the Inter-American Development Bank's concerted efforts to link the road construction with community development and conflict management initiatives, which are viewed by the communities as less than successful. With this history, it is probable that a push for a road extension would exacerbate existing economic, social and political problems and ultimately act as a contributor to conflict in Panama, having a direct bearing on many of the scenarios presented above.

V. Early Warning

The concept of early warning, in terms of the collection and analysis of data through systemized procedures, is not new. Early warning systems have been developed with some success to anticipate natural disasters and refugee migrations. With the rise of conflict prevention on the international agenda in the 1990s, the concept of early warning models on conflict was considered a promising tool for prevention strategies. But conflict prevention failures, for example the Rwanda genocide, forced researchers and practitioners to reassess early warning in the context of the dearth of preventive action on the part of the international community. Some argued that the problem was not the lack of warning, but the absence of political will for prevention. Subsequent discussions on early warning have broken down this idea of political will, emphasizing that policy makers need not just information, but analysis linked to strategic policy options. The focus on the need for early warning to be linked to response is reflected in the definition offered by the International Development Research Center:

Early warning is a proactive political process whereby networks of organizations conduct analysis together in a collective effort to prevent likely conflictive events from occurring in areas of crises. The purpose of early warning is to anticipate the escalation of violent conflict, develop a strategic response to potential conflict; and present options to critical actors for the purpose of decision-making.

There are numerous definitions, theoretic assumptions, and methodological starting points for conflict early warning. It is still not yet clear, on either a theoretical or practical level, how to connect early warning to preventive action. There are, however, a number of theoretical and practical models that represent the research undertaken in designing early warning models. Practical models are early warning systems developed in a policy setting. Dr. Barney Rubin asserts that practical models for early warning can be applied to different problems corresponding to different levels of analysis and types of prevention. Structural prevention efforts are focused on comparative risk assessments among potential conflict situations. Operational prevention requires the monitoring of real or potential conflict situations. In terms of developing early warning capacity at the national level, Rubin identifies two types of conflict monitoring systems: "remote" monitoring based on analysis of events data, and "engaged" monitoring depends on a long-term presence on the ground that strengthens networks for conflict prevention.

The Swiss Peace Foundation's Early Analysis of Tensions and Fact-finding (FAST) combines both remote and engaged monitoring and offers a potential model for a USAID sponsored early warning system in Panama. FAST is a combination of quantitative and qualitative analysis. The centerpiece in FAST's quantitative analysis is based on event data analysis. The logic of event data analysis is fairly simple: all events considered relevant to conflict escalation and de-escalation are assigned a certain numeric value according to a distinct conflict scale. These values can then be added up for specific time intervals and graphically displayed in a curve over time. The quality and quantity of data input is crucial for the success of such a method. In order to gather data in the quality and quantity required to suit early warning purposes, FAST sets up its own local information networks and thus overcomes shortcomings of existing information sources (e.g. international newswires). For its qualitative analysis FAST contracts internationally renowned experts who are in close contact with developments in the target countries. In addition to their experience and professional background, FAST experts can also draw from up-to-date and independent information gathered by FAST's local information networks.

A Panama specific early warning system could be developed around the same combination. In this case, event data analysis focused on local and national news sources would have to be done by an individual, such as an analyst in the USAID Mission, rather than the computer programs used by FAST. Although there is a serious financial investment in developing computer software for event data analysis, for

example, the Kansas Event Data System (KEDS) and Virtual Research Associates, these programs are still dependent on English language news sources. The more quantitative work of news analysis could be supported by a local information network consisting of specially trained personnel in NGOs and community based organizations (CBOs) throughout the country. Members of the network would be offered a small fee to report regularly by telephone, fax or email on conditions in the communities of their region. An early warning team at the USAID Mission would meet on a weekly basis to discuss the information collected by the news analyst and the local monitors, evaluate the information in terms of its relevance to USAID programming, and link the information to strategic policy options.

VI. Peace Capacities

In order to successfully resolve or prevent violent conflict it is imperative to identify the sources of conflict, to analyze the linkages and complex interactions between these conflict factors and to be mindful of events that may precipitate violence. CICR believes that in order to be truly effective in achieving the goal of preventing violence, it is equally essential to recognize a community's capacities for peace. An analysis must therefore also highlight the mechanisms, behaviors and relationships already present in a society that allow conflict to be a natural manifestation of change without becoming destructive or turning deadly. By fostering positive elements that are inherent in a society, or have been shaped over time, that allow people to resolve their differences peacefully, development actors will increase the likelihood of their projects and programs being well received by communities and have the intended positive results.

A recent report by the International Labor Organization (ILO) notes that Panama has a wealth of experience in the area of social dialogue. The author indicates that experience has shown that whenever the need for consensus is paramount, civil society actors in Panama have conducted themselves with responsibility and in a spirit of compromise.¹⁸ The country's achievement four years ago of developing national goals, articulated in *Vision Nacional Panama 2020*, through community consultations attests to the ability for constructive collaboration and consensus building. This experience with and openness to solving problems through dialogue processes can be highlighted as a significant peace capacity and provides a platform for the USAID Mission to launch an initiative to create open space for citizens and officials to communicate and express themselves about issues that are contributing to mounting tensions.

Research by the World Bank and Carleton University has indicated that countries with a history of diplomatic, political, commercial, trade and cultural linkages with regional organizations and neighboring states are more likely to be open to development assistance, mediation efforts and support in resolving disputes, and are therefore less vulnerable to violence. Panama's strong relations with the international community, and in particular the United States, can be viewed as a positive factor that strengthens the country's ability to cope with conflict pressures. Panama is a signatory to the 1991 Tegucigalpa Protocol, which creates the Central American System of Integration (SICA) and is in the process of negotiating and signing free trade agreements with its Central American neighbors covering goods, services and investment. Panama is also a member of the Organization of American States (OAS) whose mandate is to unite member states in efforts to advance common goals, including the advancement of human rights, strengthened democracy, greater participation by civil society in decision-making at all levels of government and reduction of poverty and corruption.

¹⁸ Marleen Rueda Catry, "Social Dialogue in Panama: the road towards democracy" Geneva, International Labor Office, 2002

Panama's provision of education and the levels of attainment are well above those in the rest of the region and are regarded as another peace capacity. Around 90% of the population is literate and according to the Ministry of Education, in the 2002 budget, education was allocated US\$654.8m, which is equivalent to about 11% of the total budget. The fact that education is already identified as one of the government's priorities is a great advantage in promoting peace initiatives through universities, and engaging schools in conflict resolution and social justice initiatives.

VI. USAID Analysis:

The USAID assistance program to Panama consists of three main initiatives: Protection of the Panama Canal Watershed, Judicial Reforms, and Rural Community Development in the Darien. These programs are designed to address many of the conflict factors identified in this report. The geographic area that is directly targeted by these programs, however, is limited to two provinces, namely Panama and the Darien. At the moment USAID does not have any presence in Kuna Yala or in Colon. Following is a brief overview of the current USAID programs and their relationship to the conflict context in Panama.

Protection of the Panama Canal Watershed: Since the Panama Canal is considered to be vital to U.S. economic and military interest, \$5 million (63%) of the Mission's \$8 million budget for 2003 has been earmarked for projects that contribute to the protection of the Panama Canal Watershed. Maintaining a healthy environment in the watershed is recognized as an essential factor for ensuring that there is sufficient water for the canal to continue its operations at full capacity. In addition, the Mission seeks to promote effective management of natural resources in the area in order to promote high quality water for the Panamanian people. USAID initiatives include technical assistance, training and support for the Inter-Institutional Commission for the Canal Watershed as well as for NGOs engaged in related environmental issues. To achieve this strategic objective of sustainable management of the Panama Canal and its buffer areas the Mission works in collaboration with the Panama Canal Authority (ACP) and the National Environmental Authority (ANAM).

With Panama's heavy dependence on the canal for income and employment there is a clear understanding of the critical importance and relevance of these efforts for the economic well-being and stability of the country. Aside from addressing the root conflict causes of environmental degradation and water scarcity, the initiative is seen to contribute to prevention of future conflict through its civil society capacity building component. While the assessment did not focus specifically on the activities or participants involved in the Protection of the Panama Canal Watershed program, the team found that respondents unambiguously stressed their support for this effort. The one area that was identified as showing potential for increased conflict related to the watershed initiative is the possible relocation of farmers living in this area in order to allow for an increase in the amount of land that is protected.

Judicial Reforms: USAID recognizes that a strong and efficient judicial system is fundamental for ensuring that citizens are protected against potential abuse of power by the state, and believes that it is therefore an essential component of a functioning democracy. There is an urgent need for reforms in Panama's judicial system, such as an increase in accessibility by poor segments of the population, a reduction in the length of pretrial detentions, and more equitable and consistent application of the law. The perception of corruption is a significant deterrent to foreign investment in Panama and prohibits the democratic progress of state institutions.

Panama has a critical role to play as a strong Central American state and strategic U.S. partner in efforts to combat illegal immigration, arms trafficking and the flow of narcotics to North America. The USAID Panama Mission has therefore initiated a program to assist and support Panama in its efforts to create an efficient judicial system and fight corruption. USAID's judicial reform program encompasses training

programs for judges, public defenders and prosecutors and pilot projects to evaluate the possible expansion of alternative dispute resolution mechanisms. It also provides support for an umbrella organization composed of NGOs active in the field of law and conflict resolution. Through these initiatives USAID is addressing a number of factors contributing to Panama's vulnerability to conflict in an effective manner and respondents regard the agency's work in this field as highly useful and appropriate. The Mission intends to build upon momentum gained under the current programs by continuing to promote judicial reform and initiate activities to address corruption. It is recommended that the focus of the USAID programming in this sector be somewhat broadened and integrated with other initiatives in order to have a greater impact. (This suggestion is elaborated in detail in recommendation 3)

Selected Darien Communities Strengthened: For several years Panama has been impacted negatively by the civil war in neighboring Colombia. As discussed earlier in the report the spillover effect has manifested itself primarily in the form of violent incursions from armed actors, flows of refugees and internally displaced persons and immigration, as well as the corrupting influence of the narcotics and arms trade. Without the presence of a military and the challenge of a long and porous border in a poor and relatively inaccessible province, Panama faces a difficult task of providing adequate protection against these negative forces.

The Darien Community Strengthened Special Objective (SpO-2) was conceived as an initiative to prevent an increase in conflict from spillover effects of the Colombian civil war that were seen to be having the most serious impact in the Darien. USAID recognizes that the region's isolation and poverty is contributing to making several communities extremely vulnerable to these effects. Thus the DECO Darien project, designed by ACDI/VOCA in close collaboration with partners Planning Assistance and Pro Niños, seeks to address some of the internal structural weaknesses in the border regions, making the effort to strengthen community organizations and local governance a priority. The project sets out to fulfill the Special Objective through an investment fund for social and productive infrastructure, technical assistance to strengthen local institutions and communities, and development of local partnerships and alliances.

The initiatives that are currently underway through the cooperative initiatives of ACDI/VOCA and its local implementing partner Pro Niños are making good progress in alleviating some of the needs of the rural poor. Pro Niños is actively engaged in many Darien communities and especially its work with elementary schools is well respected in the region. Yet the communities that are most vulnerable to the spillover effects of refugees, narco-trafficking and armed insurgents, such as Puerto Obaldia, Jaque and Boca de Cupe, are not yet receiving benefits from the DECO Darien project and continue to suffer from marginalization and poverty.

Security concerns are among the reasons that the initiatives have not penetrated these communities. However, there are other obstacles that hinder efforts to provide assistance to these communities as well, including the continued marginalization by the Panamanian government. This situation cannot be regarded as an oversight but needs to be understood as part of a conscious, if ill-informed, strategy. Many of the communities that receive refugees, and the refugees themselves, are considered by the government to be collaborating with Colombian insurgents and as such are viewed as a potential threat to Panamanian national security. During a field interview an official explained that improving the infrastructure and standard of living in these border towns, is seen as increasing the attractiveness of the region for armed groups and refugees from Colombia. Research in similar situations around the world, however, supports the view that areas with minimal state presence and low levels of development are more vulnerable to absorption into conflict.

Conversations with a few of the DECO Darien project coordinators also indicated that not all of the stakeholders understand how projects are approved to receive support from the investment fund. The field teams have begun working with communities to identify priorities and generate proposals for social or productive infrastructure, but there seems to be a lack of communication about the criteria for selecting projects. Therefore coordinators expressed concern that communities could become frustrated if their identified projects were not approved. The history of past development projects in the region have contributed to a sense of disenfranchisement and frustration because of top-down approaches, as well as a perception that funding is allocated without sufficient community consultation. USAID should make a concerted effort to be transparent in its decision-making process and resource allocation in the Darien.

In the implementation phase of all current and future projects in the Darien region the Mission should also make a concerted effort to effect real and positive results in communities as rapidly as possible, without compromising the thoroughness of their design. With the understanding that community consultations and participatory processes are often time-consuming and frequently slow down the execution of development projects, USAID should actively seek ways to expedite procedures and be conscious about the need to manage communities' expectations. In recent years the Darien has experienced several donor initiatives involving community strengthening, by organizations such as the World Bank, UNDP and the Inter-American Development Bank. The large financial commitments of the agencies (at \$88 million the Darien Sustainable Development Program financed by the IDB is the largest) initially created high hopes among the local population about the possibility for significant progress and improvement. However, the perception by many that only a minimal proportion of the overall investment has effectively reached the local communities and that implementation is extremely slow has generated considerable resentment and disillusionment with development assistance. USAID can take steps to mitigate this effect by demonstrating rapid and transparent delivery of its programs.

General Comments:

One critique of USAID programs in Panama that was articulated during the field interviews was the lack of integration between the different initiatives. This is unfortunate since there are several areas where promoting cooperation and synergies in a more holistic approach to development could help to address factors that are contributing to conflict vulnerability with greater efficiency. One example is the limited involvement and collaboration between the Judicial Reform initiative and the Darien Community Development program. Since the issues of corruption and lack of access to institutional dispute resolution mechanisms are critical issues facing the Darien it would seem that there could be a benefit to creating a meaningful integration between these two efforts. The civil society strengthening component of the USAID judicial reform initiative has included *corregidores* (community level authorities similar to justices of the peace) from the Darien in training on mediation and administration of justice, however so far there has been no link or coordination with the DECO Darien program that may allow for positive synergies. Since the Instituto Panameño de Educacion para la Paz y los Derechos Humanos is one of the few groups engaged in conflict resolution in the Darien and belongs to Alianza Pro Justicia, which is involved in USAID's judicial reform program, a strategic collaboration between these groups would likely be a feasible and positive development. Another possible area for future integration would be an initiative involving environmental justice.

VII. Recommendations

In cooperation with the broader development community USAID can make a significant contribution to peace in Panama by strengthening local capacity to manage and resolve conflict in non-violent manners as well as by helping to alleviate root causes of conflict. Following are a series of recommendations for

the Mission organized into three categories: 1) expanding existing USAID programs and capacities (geographically and thematically); 2) creating space for dialogue and other forms of communication between government representatives, security forces, and their constituencies; and 3) raising the profile of security and development issues of vulnerable communities, primarily in the Darien and Kuna Yala. Finally there is a list of general recommendations that highlight a number of overall considerations for improving current as well as future USAID programming.

Category 1: Expanding existing USAID programs and capacities

Recommendation 1:

Broaden the reach of the DECO Darien program to include the communities in the border regions with Colombia that are most vulnerable to the spillover effects from the Colombian conflict.

Expanding the reach of the DECO Darien program to include the most vulnerable communities would be a first step toward increasing their capacity to deal with refugees and insurgent groups, and diminishing their sense of marginalization. As such, implementing partner ACDI/VOCA should consider making an effort to include these communities in the strengthening component of their project and open up the possibility of these populations submitting proposals to the small infrastructure investment fund. While poor transportation possibilities may make it difficult for members of these communities to attend training sessions at the designated sites, such as Villa Darien, program coordinators could travel to the communities in question to hold workshops there. Cooperation with NGOs already working in these areas, including the Vicariato de Darien and Pueblos de Bosque, or the COPEG livestock inspection program could facilitate this initiative. By making an effort to include these areas in their activities USAID could introduce a conflict ameliorating strategy by addressing some of the social and economic grievances of these communities and thereby reduce the risk of these populations providing support to Colombian insurgents. (An irrigation project sponsored by the USAID Mission in Thailand in the 1970's that was implemented in similar marginalized and poor rural communities is reputed to have had the effect of eliminating the credible threat of violence from the Isan minority group joining the Communist insurgency.¹⁹)

Recommendation 2:

Encourage DECO Darien field teams that are working with communities to develop priorities and propose projects to the investment fund to focus on concerns and needs that are common to communities of different ethnic and racial origin. Give priority to projects that simultaneously bring together and benefit different ethnic groups.

- To counterbalance the politicization of inter-ethnic tensions in the region, an active effort should be made to foster positive relationships between communities of different ethnic groups. Past development experience has shown that one way to achieve this is to facilitate a process that allows groups that are at odds with each other to come to the realization that they share many objectives. By leveraging this new understanding of common goals, USAID can continue to develop projects that require cooperation between these groups and foster inter-dependence. The efforts of the DECO Darien project currently include all members of communities regardless of ethnic background. However, a deeper integration and increased cooperation between these communities should be made an objective and evaluated over time. With water scarcity and a lack of transportation constituting two concerns voiced by almost all communities in the Darien, aqueduct or boat dock projects that connect communities are examples of possible projects.

¹⁹ For more details on this case please refer to Muscat, *Investing in Peace* Chapter 2.

Recommendation 3:

Continue efforts to strengthen civil society organizations and expand geographic reach to Kuna Yala and Colon.

Currently an important component of all three of USAID’s programs in Panama is to strengthen and support civil society organizations, such as Pro Niños and Alianza Pro Justicia. USAID should continue these initiatives to strengthen civil society organizations and consider expanding the geographic reach of its efforts in this regard to Kuna Yala and Colon. For groups of people who are poor, powerless and neglected or unreachable by government services, local NGOs can be a vehicle for moving from passive victimhood to collective action for improving local agricultural, health, housing and other basic services and infrastructure.²⁰ One specific objective should be to encourage the development of functional organizations that cross ethnic lines, focus on common interests and include participation by a variety of groups and communities.

- As a lack of resources was cited as the primary challenge facing local NGOs, one such effort could come in the form of a small grants program. The Misson could, for example, provide funding to local micro-credit institutions that could give loans to community groups that are willing to teach more advanced farming techniques (preventing the need for slash and burn agriculture) and crop diversification. Such a program could have the secondary effect of helping to mitigate tensions related to internal migration and land conflict in the Darien where there has been a rush to gain land title since it is regarded by many as the only way of gaining access to credit. In Kuna Yala it could help wean communities from their reliance on coconut production, increase food security by encouraging sustainable agricultural diversification and eventually reduce the dependence of this population on Colombian merchants.
- USAID also could provide technical assistance (e.g. on how to apply for non-profit status and receive tax benefits, fundraising, networking, etc.), organizational strengthening, civic education and leadership training to NGOs. One idea is for Planning Assistance, which is already conducting training sessions with communities in the Darien, to expand the scope of work to Kuna Yala and Colon. Another possibility would be for USAID to work with an organization such as the Centro de Formacion y Capacitacion, Mujeres Colonenses en Camino (MUCEC) in Colon that has a strong connection to the local community and is already oriented toward training and education. USAID could support such civil society groups in holding skill building workshops for community and NGO leaders on topics such as English language instruction, leadership, proposal writing, basic computer skills, etc.

Recommendation 4:

Coordinate with MIDA, ANAM and other relevant government agencies to increase technical assistance to rural communities with agricultural diversification and sustainable farming techniques.

While strengthening NGOs and CBOs engaged in advancing progressive and sustainable agricultural techniques is one means of advancing this goal, long-term sustainability requires coordination with the government agencies MIDA and ANAM to improve their current initiatives of providing training to poor rural agricultural communities.

- USAID can advocate expanding these initiatives to critical areas that are not benefiting from these trainings at present. Furthermore, USAID actively should encourage an increased inclusion of

²⁰ Muscat, p182.

women in these initiatives. A review of the annual report of the Rural Sustainable Development project administered by MIDA indicates that out of the 96 technical training seminars organized during 2002, only 5 women participated. This participation rate of 5.2% raises serious questions about equal accessibility of these programs to both genders. The mission should bring this issue to the attention of MIDA representatives, assist in exploring the reasons for this disparity and search for creative solutions to increasing women's participation in technical training sessions.

- In Kuna Yala in particular, workshops with women also could be used to raise awareness of the potential for addressing critical problems of child malnutrition through agricultural diversification. USAID could coordinate educational training sessions to be carried out in cooperation with the Health Ministry at local primary schools where this initiative would complement a program on nutrition being implemented by the local NGO NutriHogar that is already geared toward improving women and children's health. While an agricultural expert could conduct workshops with women to explore new farming techniques and crop diversification, a nutritionist could educate participants about good dietary habits and make the connection between food production, health and development. [Reducing the dependence of Kuna Yala communities on Colombian merchants for food products and improving food security in this area should be regarded as a critical conflict prevention initiative. Efforts of this kind have the potential for lessening involvement by members of these communities in narco-trafficking, currently one of the only means these communities see for gaining income for food products and consumer goods, and contribute to stemming the flow of migration of Kuna to urban areas.]
- Another possibility would be for the mission to facilitate workshops on resource planning in the Darien and Kuna Yala that include participation of government representatives (in particular from MIDA and ANAM), community members, other development agencies and business interests. USAID's Natural Resources Management Office and the DG office support activities that emphasize incorporating local priorities into natural resources management and several missions have taken on such initiatives. In East Kalimantan and West Papua, for example, a USAID program is working to slow the rate of deforestation and in North Sulawesi USAID has been actively involved in establishing local participation in park management. The mission could also provide financial support for projects that attempt to reclaim and expand traditional knowledge related to the use and management of biodiversity.

In the Darien and eastern Panama, where water scarcity and lack of transportation are two areas of critical concern, small working groups could be established to explore the obstacles related to problems of access to water sources and transportation, articulate current and anticipated needs of communities, and propose possible solutions. (The coordination and communication of and between groups could be facilitated by the assistance of Peace Corps volunteers who already have close relationships with many of the affected communities and have a good understanding of the resource needs) The groups should be brought together on a periodic basis to share the information they have gathered and exchange ideas. To provide an incentive for stakeholders to participate in these activities, working group meetings could be organized around seminars with technical experts in these fields and skill building activities. After a specified time all working groups should be invited to present a final report on their findings at a larger conference where the best work can be granted an award.

Recommendation 5:

Strengthen and expand existing public integrity and judicial reform programming

USAID’s program Momentum Towards Fairer and Faster Justice Established includes initiatives that have the potential to address several endemic problems in Panama, including lack of transparency and abuse of power in the justice system. The Mission could increase the effectiveness of its existing program, by undertaking the first three activities below. Furthermore, in order to address the needs of some of the most marginalized communities such as those in the border regions of the Darien, USAID should expand the geographic reach of the different components of its judicial reform program beyond Panama City. The final two activities address the challenge of expanding justice programming geographically to other provinces.

1. Public Awareness and Education Campaign

A culture of respect for the rule of law emerges from an educated and responsible public. A public awareness campaign developed with government at both national and local levels would contribute to increased awareness about the role of citizens in combating corruption and creating a society based on law. There is a wide range of possible activities in this realm, such as developing and implementing curricula for Panamanian schools, public education announcements and programming disseminated via radio, TV, and printed media campaigns (possibly with the help of well known Panamanian artists and celebrities).

One example of a public awareness and education campaigns implemented by USAID is the Improved Local and National Government through Active Citizen Participation program in Guinea. In this program, USAID trained citizen associations in civil rights and responsibilities in order to support their subsequent engagement with local government. One element of this program was for technical assistance to be provided to political parties and party members to engage the opposition, ruling parties, and the administration in a dialogue to promote transparency in the upcoming legislative elections, and to create more responsive political processes. USAID facilitated training-of-trainer workshops in order to reach more than 300 civil society organizations that deliver civic education programs and conduct a public information campaign on the electoral process, the government, and the legal system in Guinea. The USAID Guinea program also developed a highly successful conflict prevention workshop that brought together representatives of the government, military, religious organizations, political parties, and civil society to identify potential sources of conflict that resulted in immediate changes being made by the President, thus, reducing tensions and responding to citizen concerns about security.

The Panama mission should consult with the Guinea mission, or other missions that have faced similar challenges such as Bulgaria, to learn from their experiences and explore the possibility of replicating some of the same initiatives in Panama. If possible this effort to draw on USAID’s institutional knowledge could involve an exchange with staff members who worked on this program in Guinea by video conferencing or by bringing them in as a consultant to help design an appropriate strategy for USAID Panama.

2. Public Integrity Testing

According to Transparency International, integrity testing has emerged as a particularly useful tool for cleaning up corrupt forces and for keeping them clean.²¹ The tests should be administered on a targeted and random basis at government agencies believed to be problematic, with interventions occurring on various levels. These tests, if administered properly at an agency such as ANAM, could go a long way toward improving public confidence and increasing effectiveness. Coupled with thorough monitoring of assets and liabilities of ANAM and other officials, public integrity testing could help root out corruption while also developing systems that ensure that there will be no repetitions. The mission should consult

²¹ Transparency International. *The TI Source Book*, p. 190; 2000. Integrity testing has also proven quite successful in quelling corruption in customs and other state-run agencies in several developing nations.

with the Panama chapter of Transparency International to explore the possibility and potential design for implementing this type of program in Panama.

3. Link Mediation Center's Activities with Universities

One of the achievements of USAID's judicial reform program in 2003 was the agreement to establish a mediation center through the cooperative efforts of the Supreme Court, implementing partner Management Sciences for Development (MSD) and several universities in Panama for the promotion of alternative dispute resolution. The Mission could build on this positive success by taking advantage of the involvement of the universities to create an internship or career development program in fields such as law and justice and establishing a link between students and the mediation center. A related initiative could be to create an association or network for students interested in conflict resolution. These efforts could address the concern of some respondents that there is currently very little enthusiasm by or incentive for the younger generation to pursue careers in the field of justice precisely at a time when new talent and energy is desperately needed to invigorate the static and inefficient Panamanian judicial system.

4. Houses of Justice/Casas de Justicia

In Colombia, USAID has worked with implementing partner MSD to create multi-agency judicial centers in order to provide legal services to those who cannot afford a lawyer. USAID Colombia has also proposed the development of institutional conciliation centers to enhance citizen access to alternative justice, through the installment of Local Peace Justices who have the opportunity to provide community-based legal authority. This concept is a creative response to the problem of extending national legal systems to difficult to reach areas similar to the Darien that are part of centralized societies such as Panama. This example could serve as an incentive for USAID Panama to explore similar ideas with its implementing partners and think of possible efforts to support and develop local conflict resolution capacities in areas that are lacking public institutions.

5. Organize conflict resolution training for community leaders in the Darien.

In light of the weak institutional presence, and in particular with inter-group tensions on the rise in the Darien, there is an urgent need for communities to develop skills and mechanisms for resolving conflicts peacefully through their own capacity. This is true both within and between ethnic groups. USAID should consider funding an initiative to carry out conflict resolution training sessions for leaders in Embera, Wounaan, Kuna, Latino and Afrodarienita communities. This could be part of a collaborative effort with the DECO Darien project that is designed with a training component and already has an effective system of bringing together community members on a regular basis. USAID could arrange for a local or international organization that specializes in conflict resolution skills building and dialogue workshops to facilitate such trainings. CICR is an organization whose staff has successfully conducted similar trainings in East Timor, Burma and Iraqi Kurdistan, and could fill this role, as could other organizations, such as the Washington DC-based Search for Common Ground.

"Participation strengthens civil society and the economy by empowering individuals, communities and organizations to negotiate with institutions and bureaucracies, thus allowing civil society to influence public policy and provide a check on the power of government. Participation also aids in dealing with conflicting interests in a peaceful manner. It follows that the creation of a climate and the capacity for constructive interaction between civil society and government is a critical component to long term peace building."

- DAC Guidelines, OECD 1997

Category 2: Creating space for dialogue and other forms of productive communication between government representatives, security forces, and their constituencies

Recommendation 6:

Initiate a dialogue process on security in the Darien with support from relevant members of the Country Team at the U.S. embassy in Panama. This initiative should include government administrative, judicial and security officials, as well as NGOs working in the Darien and community leaders.

Dialogue processes with multi-stakeholder participation can address complex societal problems in a non-adversarial, open way. Even if the dialogue began at a local level with leaders of the different communities in the Darien and relevant NGOs, it would be a positive step towards empowering these people to work together toward jointly identified goals on a broader scale. Dialogue has a prior history in Panama as a tool for addressing vital issues. During the campaign for the 1999 elections, a dialogue known as *La Vision Nacional 2020* brought together political parties and civil society to agree on four priorities for the development objectives of the country. The process demonstrated to many participants that individuals can have an impact on government, contributing to the strengthening of the democratic process.

- USAID could sponsor a facilitated problem-solving workshop on the topic of security in the Darien that would be implemented as a joint initiative with the Country Team at the U.S. embassy and other development agencies in the region such as UNDP and IDB. The idea would be to bring together local representatives from the security forces, local government officials, community members and leaders in a discussion to identify security concerns in the region and possible ways that each group could contribute to improving the situation. An interactive analysis of the situation would allow participants to start to identify their common interest of establishing a safe and peaceful environment and make them see that they all have integral roles to play in achieving this goal. An important component of the workshop also would be to start transforming relationships that that in the past have been marked by suspicion and distrust to ones that are based on confidence and understanding.
- Other issues that require participatory processes for resolution include the issue of race and discrimination (opportunities and challenges of multi-culturalism), electoral reform, and legal jurisdiction over Comarca lands.
- USAID could also provide financial support for research and dialogues on the system of granting land titles in Panama and the efficiency of the Reforma Agraria and ProNat (the government programs engaged in these issues) in solving land dispute issues. This research could include a comprehensive investigation of the causes of internal migration that are so closely related to land and resource disputes in Panama, and conducted in cooperation with local academics. One of the outcomes of the research could be strategic recommendations to these and other government agencies involved with resource management (such as ANAM) on how to increase their efficiency and better address the critical issues they are mandated to deal with.

Recommendation 7:

Support initiatives to create fora where citizens and students can engage in debate and dialogue on various political and social issues.

Especially in the run-up to the 2004 national elections when tensions will be higher and the political climate more volatile, it is important that citizens feel they have a way of expressing themselves and being heard, to avoid potentially violent confrontations and aggressive disturbances in public spaces. USAID could work with the universities and NGO community to come up with a series of activities that would open up more democratic space for communication between citizens, political candidates, and elected leaders. An initiative of this kind has been carried out in the past by the Instituto Panameño de Educacion para la Paz y los Derechos Humanos. USAID should consider designing or supporting similar efforts in the future.

- One example could be a radio campaign that invites diverse Panamanian civil society leaders to talk about the issues that are most vital to their communities and offers elected officials and candidates an opportunity to respond. Another example could be a series of town meetings around the country with the objective of developing a list of priorities for governance in the different regions. USAID could provide support to national newspapers to cover such a process.
- USAID should consider coordinating with the Inter-American Development Bank (IDB) on their proposed urban revitalization and poverty reduction initiative in Colon to introduce complementary efforts that would address conflict factors in that community. The projects included in IDB planning are designed to create a dynamic process of urban strategic planning and engage public and private sectors as well as civil society. USAID could enhance these efforts by coordinating participatory workshops with youth groups who are not specifically mentioned in the Bank's proposal. Ensuring that this demographic group is actively included in the dialogue about the needs of their communities and given opportunities to explore possibilities of becoming part of solutions to social and economic problems are critical components of a successful development plan for Colon. A focus on empowerment and social inclusion in the formal economy will contribute to reducing the incentive of these individuals to engage in illegal activities such as arms and drug trafficking, which are widespread and increasing in this city. The workshops also could be combined with leadership and conflict resolution training.

Recommendation 8:

Promote and support positive cross-border initiatives by civil society organizations active in the Colombian and Panamanian regions of the Darien.

At present there is a strong perception in Panama that almost all of the cross-border activity by Colombians in the Darien is inherently associated with negative and illegal factors such as drug and human trafficking, refugee flows, armed incursions, etc. This view perpetuates the fear, suspicion and resentment that many communities feel toward Colombians, and discourages friendly and potentially beneficial relationships with members of neighboring territories. USAID can make an effort to counter this negativity by fostering positive interactions between Panamanian and Colombian communities facing similar problems and working toward common goals of security and productive economic development.

- USAID should take a census of NGOs working in the Colombian Darien on programs to strengthen and empower communities and introduce a project to connect those civil society initiatives with efforts on the Panamanian side. The University of Antioquia is one institution that has been actively engaged in efforts to eradicate poverty by reconstructing relationships within and between communities disrupted by the conflict in the Darien region of Colombia. Their initiatives have included regular workshops with communities of stakeholders to define priorities, interventions and projects in order to envision a common future characterized by sustainable development, when economic, social and environmental questions can be addressed and harmonized. The mission could

coordinate a meeting or series of briefings in which civil society representatives who have been involved in this process in the Colombian Darien come to Panama to share their experiences and ideas. Similarly, Panamanian community and NGO representatives could be offered the opportunity to participate in activities with Colombian counterparts to learn from their experiences and start to build a sense of solidarity and trust.

Category 3: Raise the profile of the security and development issues of these vulnerable communities

Recommendation 9:

Continue to support the reform and expansion of state institutional presence in the Darien.

In order for the Darien to overcome its challenges of poverty and underdevelopment, and become resistant to and able to peacefully manage conflict factors, there needs to be a greater state presence in the province. This increased presence needs to come in many forms and include more opportunity for secondary and higher education, better access to courts and justices, as well as improved representation of ministries that deal with pertinent issues such as the environment, refugees, immigration, etc. Current USAID programs are designed as initiatives that work in coordination with Panamanian government agencies active in the Darien, including ANAM, the Ministry of Health and MIDA. Efforts to collaborate with state agencies should continue in future and the Mission should explore ways of becoming more proactive in this regard. Greater institutional presence also should be accompanied by a concerted effort to improve the image of the province in the eyes of its civil servants and the public.

- USAID can contribute to the aim of increasing institutional presence by ensuring rapid delivery of its projects and improving coordination and communication with Panamanian government agencies to identify and address specific areas of need. USAID should also make a concerted effort to raise the profile of the relationship between security and development issues of vulnerable communities. Linking development deficits with security concerns, the Mission should include a periodic analysis of the conflict situation in its project implementation, monitoring and evaluation.
- USAID also could provide training for government, judicial and security officials working in the Darien with components focusing on capacity building, rule of law, human rights, good governance, leadership, and conflict resolution. The training could include a session where participants are asked to meet with community leaders and NGOs to discuss the responsibilities of the different groups and attempt to identify shared concerns and opportunities for collaboration. This initiative could be tied into the dialogue process described in recommendation 6.

General Recommendations:

Ensure that all projects and programs are designed, implemented and periodically re-evaluated to verify that they follow a few sound and critical principles.

- All initiatives should involve participatory community assessments to ensure that any intervention is viable, is considered a priority by the community, and that programs are designed with cultural sensitivity and awareness. Most organizations face time and budgeting constraints. The fact that participatory processes often are unpredictable and sometimes very slow frequently poses a real challenge to agencies. It is imperative, however, for USAID to maintain efforts for participatory approaches to stimulate local development, to provide marginalized groups with the capacity to help themselves. This requires a commitment to long-term development.

- It is critical that there be close donor coordination in all development initiatives. In the context of Panama this should include USAID, U.S. embassy staff, the Peace Corps, the government of Panama and its agencies, international financial institutions, International and local NGOs and UN agencies. There are a multitude of organizations doing work in Panama on corruption, the environment, education, skills building, and other issues. However, most organizations are uninformed about other groups' activities, leading to overlap, misallocation of resources, and other disjunctions in development programming.

The Vision Darien database that was developed by UNDP is a good first step in this direction and demonstrates that there is a desire on behalf of actors to cooperate. However, in order to be more effective it would need to be updated more frequently, increased in scope to include more agencies, expanded to include more detailed program information, and redesigned to be more accessible and user friendly. USAID could consider taking on the management and coordination of such a database, or delegate this task to one of the local implementing partners as a means of promoting cross-fertilization and to strengthen organizational efficiency. Furthermore, while current initiatives of organizations to engage in bilateral communication and cooperation are positive, there should be a more systematic and frequent dialogue to ensure that all parties are aware of other organization's projects in order to capitalize on complementary efforts and avoid duplication. USAID should consider taking the lead in organizing periodic meetings of international donors and relevant government agencies. Finally, USAID Panama should draw on the vast experience of other missions engaged in similar programming to hone its approach to judicial reform, environmental protection, community strengthening and civil society capacity building.

- All programs and projects should be designed with an emphasis on transparency and accountability. The decision-making process used in grant programs and community assessments needs to be clear and understood by all stakeholders in order to minimize confusion, frustration and suspicion. In the past few years, communities in the Darien, Kuna Yala and eastern Panama all have been recipients of development aid from various sources. This infusion of funding often has had the negative impact of contributing to disenfranchisement and resentment largely due to a lack of communication and transparency. With particular reference to the DECO Darien project, the composition and procedures of the Technical Committee that selects investment projects to be funded should be streamlined and the length of time needed to make decisions on projects shortened to prevent communities from feeling frustrated and “over-assessed” without seeing any benefits. Furthermore, USAID should make an effort to actively inform the public of the reach of all of its projects in order to counter rumors and rhetoric about only certain ethnic groups receiving financial assistance. In the Darien the local radio station Radio Sin Fronteras could facilitate information dissemination.

Annex 1. Identification of Conflict Factors

A. Root Causes or Conflict Sources

Root causes can be thought of as the underlying structural factors that lead to conflicts between groups or communities that may or may not develop into violence.

Unemployment: In all four of the Panamanian provinces covered in the assessment, unemployment is considered to be a significant factor contributing to discontent and potential for strife within the population.²² The most recent national statistics available for Panama show the rate of total urban unemployment to be 16.1% (2002) with youth unemployment (ages 15 to 24) registering at 35.4% (2001).²³ This marks an increase over the past four years from a rate of 13.6% in 1999 and a forecast by the Economist Intelligence Unit projects the upward trend to continue in 2004.

Underemployment also is significantly high (estimated at 18-20%) and the informal sector is believed to employ over 25% of the total workforce.²⁴ Economic growth was positive but low in 2002, at 0.8%, held back by weak external and internal demand, and made little contribution toward job creation. This lack of employment opportunity has translated into increased resentment towards the current government, which is accused of not taking sufficient steps to ameliorate the situation. Frustration over the lack of jobs also has contributed to a growing sense of resistance and hostility toward the large number of foreign nationals living in Panama, particularly Colombians. World Bank research has found countries with 10% or more of their population registered as unemployed to be more likely to experience an escalation of conflict.²⁵

Box 1. Unemployment in Colon

Colon has been particularly hard hit by the global economic recession of the past few years and suffers from one of the highest levels of unemployment in the country (24%). The economic deterioration is partially attributed to the vacuum that was left from the closing of the U.S. military bases that started in the 1970's and concluded in 1999. Since then the city has experienced a continual decline in productive activity, a severe shortage of jobs, increasing gang violence and widespread involvement in drug trafficking.

Corruption: Government corruption and abuses of power are another source of frustration, tension and disillusionment among the Panamanian population. Although some anti-corruption programs have been initiated in recent years to address this issue, there is little evidence that any progress has been made on this front during the past four years under the current administration. Although this is difficult to measure, the frequency and vehemence of public declarations decrying the deterioration of the situation during President Moscoso's term in office indicates that the perception at least is there. According to Transparency International's Global Corruption Report, 79% of Panamanians surveyed in 2002 felt that corruption had increased "a lot" over the past twelve months; 72% perceived an increase in 2000.²⁶ Newspaper editorials, debates and television talk shows focus unrelentingly on corruption and inefficiency in the Executive Office, the Legislative Assembly, and the judicial system and throughout numerous national government agencies, and lament the negative impact it has had on Panamanian

²² A recent study conducted by the Consorcio Iberoamericano de Empresas de Investigacion de Mercados y Asesoramiento (CIMA), found that 43% of respondents believe unemployment to be the most serious problem facing Panama today. This data is consistent with the findings of the field research conducted by the CICR assessment team, whose subjects also overwhelmingly stressed this concern.

²³ Data from the International Labor Organization

²⁴ Economist Intelligence Unit (EIU) Country Profile 2002

²⁵ World Bank Conflict Assessment Framework

²⁶ Transparency International's Global Corruption Report 2003 p283.

society. U.S. Ambassador Linda Watt recently stressed the urgency of immediate action to fight corruption in Panama, pointing out that besides destabilizing social and political effects, corruption also has direct economic implications for the country, by reducing economic competitiveness and deterring foreign investment.²⁷

While the focus on corruption in Panama by the media and civil society primarily has been on the higher levels of government, it is also important to recognize corruption of officials at other layers. One of the most critical examples of this is the Autoridad Nacional del Ambiente (ANAM), the government agency charged with enforcing environmental regulations, whose function includes oversight of logging concessions in the Darien and control over other natural resource extraction. Almost 90% of all respondents questioned during the team's field research identified rampant corruption within that agency, and gave the unambiguous assessment that its representatives were unable to carry out their mandate effectively. This is of particular concern considering the potential environmental impact of further deforestation and loss of biodiversity in the already threatened and fragile Darien ecosystem, but also in the other regions where enforcement of environmental protection regulations is crucial for future stability.

According to research from the Country Indicators for Foreign Policy Project at Carleton University, government corruption contributes to a country's vulnerability to conflict by undermining the legitimacy of the state and eroding popular confidence in state institutions.²⁸ Scoring a 3 out of 10 on Transparency International's annual Corruption Perceptions Index (CPI), Panama's political processes are perceived to be severely degraded by personal interests and plagued by a systematic lack of transparency and accountability.²⁹ The European Commission has cited corruption as the being the single greatest obstacle in Panama's path to establishing a full modern democracy.³⁰

Box 2. Corruption at the local level

Media reports and public accusations have given rise to the widespread perception that there are also problems with serious corruption within the governance structure of the indigenous communities. Some respondents indicated that in recent months there have been incidents in which local indigenous leaders had to be relieved of their responsibilities because of 'inappropriate dealings'. There is widespread perception that *sailas* and *caciques* (indigenous cultural and political leaders) of different communities have obtained personal financial benefits from granting timber concessions to outside logging interests and in some instances from involvement in drug trafficking. Additionally, there is a strong belief that large portions of development aid frequently end up in the pockets of indigenous community leaders and are never spent on the projects they are intended to fund. This has led to frustration by aid donors as well as indigenous and non-indigenous community members.

Poverty and economic inequality: The international development community and Panamanian NGOs have indicated that there is a cause for deep concern over poverty in Panama.³¹ On a national level Panama enjoys a relatively high per capita income of \$3,627.1 and is classified by the World Bank as an upper-middle-income developing country. However, by the end of 2002 a total of 40.5% of the population lived below the poverty line, with 14% in poverty and 26.5% in extreme poverty.³² Over one million Panamanians have been found to be unable to satisfy their basic needs and 700,000 of those

²⁷ For a full text of the Ambassador Watt's speech please see La Prensa September 30, 2003.

²⁸ Country Indicators for Foreign Policy (CIFP) Project, September 2002, Carleton University.

²⁹ The 2002 CPI Score ranks from 10 (highly clean) to 0 (highly corrupt)

³⁰ European Commission's Country Strategy Paper for Panama 2002 - 2006 p5.

³¹ Reports by UNDP, the World Bank, UNICEF, Pro Niños and several other organizations make this assertion.

³² UNDP Human Development Report 2002