

## Data Sheet

<b>USAID Mission:</b>	Panama
<b>Program Title:</b>	Economic Freedom
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	525-022
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$4,335,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$3,180,000 DA
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** The program focuses on increasing market competitiveness of Panama's private sector to be prepared to benefit from expanding trade and investment opportunities, and improving the management and productivity of critical watersheds, including the Panama Canal Watershed. Activities are designed to: 1) strengthen market competitiveness by building trade capacity, reducing legal constraints to doing business, and fostering market integration; and 2) support integrated sustainable management of critical watersheds. USAID works with the government and the private sector to promote policy and legal reforms, best practices, and environmentally sound approaches to watershed and protected areas management.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Improve Sustainable Management of Natural Resources and Biodiversity:(\$4,137,000 DA). USAID is focusing on priority areas that protect the environment and create employment, while partners are starting to replicate the models demonstrated in previous years in other subwatersheds of the Panama Canal Watershed. USAID is also continuing to assist the partners with the formulation of policy reform to assure sustainability and replication of the joint efforts. The Mission is also continuing a partnership by buying into a USAID Central America and Mexico Regional Program and the Rainforest Alliance. The intent is to support a certification program to improve environment conservation for forestry and pineapple production. In protected areas within the Panama Canal Watershed, USAID will support technical assistance to encourage sustainable tourism. Activities include: policy reform, modifications of regulations, creation and implementation of new park administrative systems, and institutional strengthening to more effectively manage tourism. Also, technical assistance is helping authorities develop an environmental governance program for improving enforcement of environmental laws and regulations and participation by stakeholders in the management of key protected areas. These efforts require the formation of additional public-private partnerships to co-manage parks, promote ecotourism, and generate revenues for park maintenance. Principal contractor: Academy for Educational Development.

Increase Trade and Investment: (\$198,000 DA). USAID is focusing on funding short term technical assistance and training to build sector level capacity in support of increased exports and firm competitiveness. To this end, USAID supports demand led activities that enhance business development and provide business linkage support in key sectors with high potential to compete in the global economy. These include nonprotected agroindustry and teak, tourism services, and information technology. Principal contractor: Nathan Associates.

#### FY 2007 Program:

Improve Sustainable Management of Natural Resources and Biodiversity: (\$3,180,000 DA) USAID plans to support select policy reforms, participatory and practical approaches to watershed management, and activities in environmental governance. USAID expects to continue funding technical assistance in the above areas in the Panama Canal Watershed (PCW). USAID may use funds to further support the development of sound policies at the local level, strengthen the foundation for stable funding to support and maintain the integrity of the PCW, and put in place field-based validation of systems, processes, and

tools to improve management in the PCW. USAID intends to continue implementing activities that promote sound agriculture production and ranching enterprises, wastewater management, and clean industrial production. USAID also plans to fund technical assistance to build on-site capacity for improving the protection and management of protected areas. USAID anticipates continuing support of sustainable ecotourism services through public-private alliances. Additionally, it may support activities to develop clusters around tourist circuits, training of public officials, and private agents to better cater to the needs of tourists and better manage tourism activities. USAID aims to build on its successful experience with leveraging Panamanian private sector resources for new investments in tourism infrastructure. Implementers to be selected through a competitive process.

**Performance and Results:** In FY 2005, the results obtained under the Economic Freedom program included effective management and full disbursement of the \$5.0 million Incentive Fund. This Fund was established between the Panama Canal Authority and USAID in 2004 at a 1:1 ratio. It cofinanced demonstration activities in pilot subwatersheds within the Panama Canal Watershed. The results of these demonstration activities informed the decisions by government officials and key stakeholders which lead to policy reform for sustainable ranching and improved pasture management. This innovative cofinancing mechanism is a milestone achievement towards financial sustainability for environmental management. Twenty five demonstration activities are progressing smoothly, providing information for policy formulation and validating best practices, while encouraging active stakeholder participation. Another success of active stakeholder participation is demonstrated by the collaboration of the National Environmental Authority, nongovernmental organizations, and watershed community members who have agreed to a comanagement method for the Chagres National Park (using proceeds from a debt-for-nature swap that was completed in FY 2004), thereby making great strides toward establishing financial and environmental sustainability. Also, public-private alliances were forged successfully to foster current sustainable ranching and ecotourism initiatives.

By program completion, some progress will have been made in Panama's readiness to benefit from greater trade opportunities and investment flows.

## US Financing in Thousands of Dollars

Panama

525-022 Economic Freedom	DA
<b>Through September 30, 2004</b>	
Obligations	5,348
Expenditures	39
Unliquidated	5,309
<b>Fiscal Year 2005</b>	
Obligations	5,120
Expenditures	3,143
<b>Through September 30, 2005</b>	
Obligations	10,468
Expenditures	3,182
Unliquidated	7,286
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	4,335
<b>Total Planned Fiscal Year 2006</b>	
Obligations	4,335
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	3,180
Future Obligations	14,022
Est. Total Cost	32,005