

Data Sheet

USAID Mission:	Panama
Program Title:	Economic Freedom
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	525-022
Status:	New in FY 2004
Planned FY 2005 Obligation:	\$5,125,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$5,738,000 DA
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: This objective is focused on increasing competitiveness to take advantage of expanding trade and investment opportunities, and improving the management and conservation of critical watersheds. Core activities are designed to: build trade capacity, reduce business constraints, and foster market integration; and promote sound environmental governance through policy and legal reforms, behavioral change, and a more participatory and practical approach to watershed and protected areas management.

Inputs, Outputs, Activities:

FY 2005 Program: Increase Participation in Global Trade and Investment (\$500,000 DA). To build trade capacity, USAID will fund short-term technical assistance and training for selected public and private sector entities during and after negotiations for a bilateral free trade agreement with the United States. USAID assistance will help accelerate economic growth by reducing business constraints due to policy, regulatory and legal conditions in trade-related areas, such as customs procedures, sanitary and phytosanitary measures, labor issues, government procurement, and intellectual property rights. It will also fund activities that support the development of business clusters in key sectors with potential to compete in the global economy, such as tourism and some agro-industrial activities. Where there are synergies, USAID will support activities that consolidate social, environmental, and democratic reforms. Principal contractors and grantees have not yet been selected.

Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$4,625,000 DA). USAID will continue to fund pilot activities to test and validate principles and best practices on watershed management to protect key watersheds within the Panama Canal Watershed (PCW). USAID will fund technical assistance for on-the-ground implementation of demonstration activities, such as sustainable agricultural practices that reduce pollution. Technical assistance and training will support the development of sound policies at the local level, stable funding sources, and field-based practical systems, processes, and tools required for improved management and conservation of critical watersheds. USAID will also support demonstration activities, such as wastewater management and clean industrial production. To foster sustainable tourism in protected areas, USAID will fund technical assistance related to policy reform, modifications of regulations, creation and implementation of new administrative systems for protected areas, and institutional strengthening of government institutions to more effectively manage tourism. USAID-funded technical assistance will help authorities develop an environmental governance program for improving enforcement of environmental laws and regulations and participation by stakeholders in the management of key watersheds. A grant to the Peregrine Fund, which is contributing to the repopulation of the harpy eagle in the PCW, will help the organization implement its sustainability plan to underwrite its operations in Panama. Principal contractors, grantees, and local partners include the Academy for Educational Development, the Panama Canal Authority, the Inter-Institutional Commission for the Canal Watershed, the National Environmental Authority, the Ministry of Health, the Ministry of

Agriculture, the National Institute of Water and Sewage, the Nature Conservancy, and the Peregrine Fund.

FY 2006 Program: Increase Participation in Global Trade and Investment (\$1,250,000 DA). USAID plans to continue to fund technical assistance and training to promote market integration by reducing business constraints and fostering the development of competitive clusters in key sectors of the economy identified by the private sector. USAID intends to fund technical assistance in areas that will help trade development, such as financial services, customs procedures, sanitary and phyto-sanitary measures, technical barriers to trade, competitiveness, business development services, and intellectual property rights. Principal contractors and grantees will be selected in FY 2005.

Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$4,488,000 DA). USAID plans to continue supporting policy and legal reforms, participatory and practical approaches to watershed management, and activities in environmental governance. The program intends to fund technical assistance to implement demonstration activities in selected sub-watersheds. USAID may use funds to support the development of sound policies at the local level, stable funding sources, and field-based practical systems, processes, and tools that will improve management of key watersheds, including the PCW. USAID intends to continue on-the-ground implementation activities that promote wastewater management and clean industrial production in selected critical watersheds. USAID also plans to fund technical assistance to build on-site capacity to improve protection and management of protected areas. USAID plans to develop sustainable ecotourism activities through public-private alliances, and may support activities to develop clusters around other attractions, training of government officials to better manage and supervise tourism activities, and incentive funds to leverage private sector contributions for investments in tourism-related infrastructure. Funding of activities that will enhance sustainable financing for critical watershed protection and conservation may continue. USAID may also replicate sustainable tourism activities in other protected areas based on the lessons learned from the Soberanía National Park pilot activity. Principal contractors, grantees, and local partners would remain the same.

Performance and Results: In FY 2004, the results obtained under the Objective "Sustainable Management of the Panama Canal Watershed and Buffer Areas", which preceded this Objective, included a fully operational \$5.0 million Incentive Fund to finance demonstration activities in pilot sub-watersheds in the PCW. This financing mechanism is an important milestone towards financial sustainability of environmental management in the PCW. Of 16 demonstration activities approved, 10 are underway. These activities are helping to improve local governance by encouraging active stakeholder participation. The National Environmental Authority, nongovernmental organizations, and community members agreed to a co-management scheme for the Chagres National Park, paving the way for long-term financial and environmental sustainability.

By program completion, Panama's economic readiness and responsiveness to opportunities for trade and investment will improve. USAID's trade capacity building assistance will help Panama transition to a more open economy for it to take advantage of expanding trade opportunities. Continued improvement in the management and conservation of critical watersheds will lead to better environmental policies, regulatory and institutional frameworks. With USAID support, these policies and frameworks will become more effective and strengthen environmental governance in Panama by involving local governments, communities, and the private sector in more sustainable management and conservation of critical watersheds.

US Financing in Thousands of Dollars

Panama

525-022 Economic Freedom	DA	ESF
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2004		
Obligations	5,338	500
Expenditures	0	0
Through September 30, 2004		
Obligations	5,338	500
Expenditures	0	0
Unliquidated	5,338	500
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	5,125	0
Total Planned Fiscal Year 2005		
Obligations	5,125	0
Proposed Fiscal Year 2006 NOA		
Obligations	5,738	0
Future Obligations	14,799	0
Est. Total Cost	31,000	500