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PROGRESS REPORTS ON APPROVED DEVELOPMENT PROJECTS

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PROJECT PANAMA 2796 (Exp.1)

Community development and food production in depressed areas

Total food cost	3 780 070 dollars
Total cost to WFP	5 034 680 dollars
Number of beneficiaries	26 000 families
Date approved by the CFA	25 May 1991
Date plan of operations signed	28 October 1991
Date notification of readiness accepted	28 October 1991
Date of first distribution	15 January 1993
Duration of WFP assistance	Five years
Duration of project as at 31 December 1996	Four years

All monetary values are expressed in United States dollars, unless otherwise stated.

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NOTE TO THE EXECUTIVE BOARD

This document is submitted for consideration to the Executive Board.

Pursuant to the decisions taken on the methods of work by the Executive Board at its First Regular Session of 1996, the documentation prepared by the Secretariat for the Board has been kept brief and decision-oriented. The meetings of the Executive Board are to be conducted in a business-like manner, with increased dialogue and exchanges between delegations and the Secretariat. Efforts to promote these guiding principles will continue to be pursued by the Secretariat.

The Secretariat therefore invites members of the Board who may have questions of a technical nature with regard to this document, to contact the WFP staff member(s) listed below, preferably well in advance of the Board's meeting. This procedure is designed to facilitate the Board's consideration of the document in the plenary.

The WFP focal points for this document are:

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Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact the Documentation and Meetings Clerk (tel.: 5228-2641).



PURPOSE OF THE PROJECT AND OF WFP ASSISTANCE

1. The project supports the Government's strategy to improve the socio-economic situation of small farmers and peasants living in the most depressed rural areas of the country, particularly in the provinces of Herrera, Los Santos, Coclé, Chiriquí, Colón, Veraguas and Panama.
2. The immediate objectives of the project are to:
 - a) increase food availability for the target population by promoting the cultivation of traditional and non-traditional crops, reduce soil erosion caused by deforestation and inappropriate cultivation, and increase food production through credit; and
 - b) enhance access to the local communities through better feeder roads, and improve environmental sanitation and housing.

IMPLEMENTATION

3. The immediate objectives of the project address increased food availability for the target population, as well as improved soil conditions, roads, training, and of farmers' organizations. These activities promote the socio-economic development of small farmers and peasants. Food aid under the scheme of food for work has served as a valid incentive to promote the communities' work force.
4. The package of appropriate technologies applied by the project has demonstrated its potential to farmers, who are now able to obtain different varieties of food for their own consumption and sell surpluses in the market.
5. The project started its operations in the provinces of Herrera, Los Santos, Veraguas and Coclé, where the original project was implemented. Approximately 13,500 small farmers and peasants - many of them of indigenous origin - have already directly participated in the various project activities. This represents 93 percent of the target population. They live in approximately 603 poor rural communities located in 50 districts distributed throughout the project area.
6. The criteria for selecting communities and beneficiaries were based on socio-economic surveys conducted by the Government, which enabled identification of the most depressed areas, and of the poorest small farmers who had little land and an annual cash income below 200 dollars. Landless peasants also benefit from the project through their participation in food-for-work activities for the construction of basic infrastructure and environmental sanitation works which benefit their communities as a whole.
7. The Ministry of Agricultural Development (MIDA) is the institution responsible for project implementation, through its National Directorate of Rural Development (DNDR). The project's strategies and programme of work are fully integrated. The Ministry of Planning and Economic Policy (MIPPE) acts as liaison between the Government and WFP on policy matters.
8. MIDA's National Director of Rural Development has appointed a full-time project coordinator, who liaises on a continual basis with WFP on all issues related to operational and administrative matters. At the central level, the project coordinating unit is composed



of the national director of the project, one technical coordinator, one administrative unit, one food logistics unit and one data processing unit.

9. At the local level, the project is supported by the nine regional directorates, with 181 staff members; the regional directors assume direct responsibility for implementing the project in the respective region or province. This includes provision of technical assistance, supervision of the credits, distribution of food rations to the beneficiaries, and coordination of actions with other governmental and non-governmental institutions.
10. Various institutions also participate in the execution of the project: the Institute for Renewable Natural Resources provides technical assistance in agroforestry activities; the Ministry of Public Works gives technical assistance for construction works; and the General Directorate for Community Development (DIGEDECOCOM) supplies assistance on aspects related to community development.

FOOD MANAGEMENT

11. By 30 September 1996, the project had received 7,000 tons in commodities out of the total commitment of 13,214. Actual distribution amounted to 89 percent of the quantities received. The balance is to be distributed shortly. Post-c.i.f. losses amounted to 1.8 percent.
12. Food management at the government level has been satisfactory, taking into account the promptness of procedures for salvaging products arriving in an excessively humid state. The project has eight warehouses which are adequately equipped and close to the project sites. Of these, five have been furnished with refrigerating systems to guarantee preservation of food susceptible to infection, such as cereals and pulses.
13. Two warehouses have the capacity to store 1,000 tons each, whereas the regional warehouse is able to handle only 200 tons. Three additional and spacious warehouses - located in Cocle, Chiriqui and Santiago de Veragua - are provided by the Marketing Institute for Agricultural Products (IMA). The National Nutrition Board of Panama (PNSN) also provides its facilities, especially at the time of arrival of shipments. IMA provides technical staff for handling and food preservation and PNSN supplies vehicles for the transportation of commodities. Once the commodities are received and distributed to the warehouses, local administration is under the full responsibility of MIDA's regional directors.

GOVERNMENT'S CONTRIBUTION

14. In spite of the serious budgetary constraints faced by the country, during the period under review the Government's contribution to project implementation amounted to 3.4 million dollars. Of this amount, 2.6 million dollars represented the salaries of the technical and administrative staff, approximately 450,000 dollars was for operational costs and 406,000 dollars was directly related to the logistics of food aid. In addition, the project has access to approximately 616,000 dollars to support the implementation of productive activities of small farmers.



EXTERNAL ASSISTANCE

15. The Spanish Cooperation Agency provided 60,000 dollars in support of sustainable farms with small animals. This was mentioned in the project's plan of operations as a complementary input administered through NGOs. The Development Fund of the Inter-American Foundation (FIA) provides cash support for a total of 95,000 dollars and resources in kind (seeds and fertilizers), for productive activities carried out by some organized groups of beneficiary families. These initiatives are concentrated in the provinces of Cocre, Panama (area of Capira) and Veraguas. The plan of operations opened scope for including NGO cooperation with the project as a complementary input.
16. Non-food items (trucks, pick-ups and small agricultural tools) donated by the Netherlands amounted to a total of 197,900 dollars. These were planned as normal WFP inputs during project implementation.

ASSESSMENT

17. A monitoring and evaluation (M&E) system is being implemented and computer hardware has already been purchased for the project, and installed in each region covered by it. For this purpose, the project has hired the services of an experienced consultant who has also assisted in the establishment of an M&E system in similar WFP projects in El Salvador, Guatemala and Nicaragua.
18. A comparison between the targets set out in the plan of operations and achievements as at 30 September 1996 according to the project's annual work plans shows excellent results. The results reflect a high level of achievement, especially as regards basic food (99 percent), horticultural production (97 percent) and fishponds (94 percent), as compared to the prorated planned targets. The improvement of community infrastructure, such as the construction of bridges and the improvement of schools, health posts and rural access roads achieved respectively 100, 99 and 95 percent of the prorated targets. Training of beneficiaries reached 99 percent. Environmental sanitation, and the construction of aqueducts and water canals reached 96 percent. Fuel-saving stoves achieved 86 percent and latrines 89 percent of the planned targets (see the annex).
19. By 30 September 1996, the project monetized a total of 2,828 tons of maize, which generated 479,531 dollars. Of this total, 142,968 dollars was used for local purchases. Generated funds are deposited in an interest-bearing joint account managed by the Government (MIDA and the National Comptroller's Office) and WFP. Fifty thousand dollars was earmarked for establishing the project's M&E system. The entire sum was spent on the purchase of a computer and software for monitoring and evaluation, and for a consultant who trained government counterparts in using the computerized M&E system. A total of 286,563 dollars was earmarked for setting up a revolving fund to finance the beneficiaries' productive activities. The average loan was 300 dollars. Seventy percent of the sum had been loaned out by 30 September 1996.
20. From 1994 to 30 September 1996, a total of 961 small farmers benefited from the credit system, whose main objective is funding the improvement of their productive activities stemming from innovative production schemes designed and promoted by the project's technical staff. Based on the existing rules, the loans granted to beneficiaries range from 50 dollars to a maximum of 2,000 dollars, at an interest rate of seven percent for a first credit and nine percent for a second credit. Seventy-seven percent of the loans granted in 1994



have already been recovered. Out of the balance of 23 percent, some loans have not reached the repayment time. The farmers' future harvests will be used as guarantee for payment of the unrecovered loans.

21. The figures speak for the success of the project. The high number of small farmer loan recipients, the ability of the project authorities to deal with microloans to small farmers, and the 77 percent rate of recovery for loans paid out in 1994 show the appropriateness of the technological packages offered and the authentic need by small farmers to adopt the packages. If the packages had not been appropriate or the loan rates had been too high, the farmers would not have been able to repay. This rate of recovery in rural credit indicates a positive experience.
22. The high rate of achievement of targets for feeder roads, bridges and schools (see the annex) shows that the integrated approach has been fully accepted by the beneficiary communities. Task forces of local villagers have been marshalled to maintain the newly-created infrastructure. The food aid was essential in the framework of infrastructure creation.
23. Within the project's implementation strategy, women have equal and direct participation. There are 6,000 women heads of household who participate. The involvement of women in the project is manifested in the following aspects:
 - a) work in the production sector, plots and gardens;
 - b) participation in and assistance in carrying out training courses;
 - c) coordination of project activities in their community;
 - d) taking on the role of community leaders in order to implement and participate in the project.
24. The project supports and promotes women's groups in several target activities. The project's M&E system has not yet produced gender-disaggregated information. However, it is estimated that 35 percent of the work force utilized by the project consists of women.

CONCLUSIONS AND RECOMMENDATIONS

25. The results achieved by the project to date represent significant progress vis-à-vis the problem of rural poverty, at the social, economic and environmental levels. These results are as follows:
 - a) When adopting the improved technologies recommended by the project, i.e., agri-aquaculture, the farmers have abandoned their traditional deforestation or burning methods for crop sowing. This has led to protecting and enhancing the fragile ecosystems of the beneficiary communities.
 - b) Communities now have access to a variety of products in areas where only recently food scarcity was the prevailing characteristic. Furthermore, the project has permitted a better interconnection among communities and facilitated the marketing of products through the construction or improvement of roads and bridges.
 - c) Eighty-five thousand persons have had access to technical assistance and benefited from WFP rations, representing nearly 8.4 percent of the rural population. In addition, the project has set the basis for community organization by promoting producers'



associations aimed at consolidating the project's sustainability upon termination of WFP's assistance.

- d) The project has become a catalyst for further participation of national and international institutions, such as the Ministries of Public Works, Health and Education, and NGOs.
26. With regard to the problem of community organization, a stronger participation of technical staff from the Panamanian Institute for Autonomous Cooperatives is recommended in order to reinforce community self-government, thus enabling communities to remain sustainable after the project's termination. The Institute has agreed to increase its staff.
 27. The project is now promoting and implementing some selected production activities with families who are able to produce, at a constant rate, vegetables, grains, fish and canned food (jellies and pickles). Appropriate mechanisms to support the introduction of small producers into the market have been established. The problem of farmers' access to and introduction into the market will be a priority for the remaining period of the project. An extension in time has been requested to enable the project to achieve all of its objectives.



ANNEX



COMPARISON OF TARGETS AND ACHIEVEMENTS
(as at 30 September 1996)

Activities	Unit	Work norms	Target according to plan of operations	Work days according to plan of operations	Comparison of targets and achievements								Cumulative total		Planned targets as at 30/09/96	Achievement as % of prorated
					1993		1994		1995		1996 (Jan-Sept)		Actual	W/D		
					Actual	W/D	Actual	W/D	Actual	W/D	Actual	W/D				
FOOD PRODUCTION																
Construction of fish ponds	No.		2 500	875 0	596	82 8	336	47 7	341	39 8	294	36 0	1 5	206 5	1 650	94
Pigsties and poultry yards	No.	30	1 000	30 0	272	4 2	59	2 2	62	2 6	84	2 8	477	12 0	650	73
Reforestation	Ha	60	3 150	189 0	220	12 8	63	9 3	78	9 8	489	88 7	850	120 7	1 000	85
Walls and terraces	Km	500	152	76 0	50	7 3	43	6 0	17	5 9	31	10 1	141	29 5	163	86
Horticultural production (ha)	Ha	1 8	206	309 0	82	45 3	75	55 0	130	63 4	152	53 1	439	221 9	450	97
Production of basic food (grains, vegetables, etc.)	Ha	120	12 600	1 5	2 6	167 6	2 3	209 6	2 9	218 2	2 8	285 6	10 9	861 1	11 000	99
IMPROVEMENT OF COMMUNITY INFRASTRUCTURE																
Road improvements	Km	600	500	300 0	160	26 2	250	64 8	326	83 1	408	105 1	1 1	279 3	1 200	95
School/Health posts	No.	200	193	38 6	109	9 6	133	18 0	120	15 4	85	13 1	447	56 2	450	99
Construction of bridges	No.	1 8	22	39 6	7	2 6	7	2 2	11	2 8	7	10 3	32	18 1	30	100
ENVIRONMENTAL SANITATION																
Aqueducts/canals	Km	350	1 910	668 5	122	30 0	258	41 6	180	33 2	163	36 8	723	141 8	750	96
Latrines	No.	16	7 000	112 0	817	9 6	702	9 7	334	4 8	389	5 8	2 2	30 0	2 500	89
Wells	No.	50	800	40 0	12	510	6	400	5	275	1	160	24	1 3	34	70
Fuel-saving stoves	No.	7	3 000	21 0	233	2 2	61	513	21	172	30	233	345	3 1	400	86
Housing improvement	No.	100	2 000	200 0	489	24 6	450	29 5	288	21 5	463	31 0	1 6	106 7	1 700	99
TRAINING	W/D	0	0	243 3	6 1	22 2	3 00	15 5	2 8	14 2	3 8	26 4	15 7	78 4	80 000	98
RESERVE	W/D	0	0	342 0		4 4		7 5		4 7	0	20 2	0	37 0	0	0