

# **COUNTRY PROGRAM EVALUATION OF THE REPUBLIC OF PANAMA SUMMARY REPORT**

**November 2002**

**IC Net Limited**

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**The currency unit of Panama is the Balboa, and one Balboa is converted to one US dollar. US dollars also circulate** in the Panamanian market. One Balboa is equivalent to ¥131.68 as of January 1<sup>st</sup> 2002 (Retrieved from Oanda.com [http://www.oanda.com /converter/classic](http://www.oanda.com/converter/classic)). The fiscal year of Panama begins on January 1st and ends on December 31st.

**The content of this report is based on the information available in April 2002 when the evaluation team conducted the field study in Panama.**

**The opinions expressed in this report are those of the authors and do not necessarily represent the views of the Japan International Cooperation Agency (JICA).**

*Third Party Evaluation  
entrusted by JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)  
in JFY 2001 - 2002*

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OF  
THE REPUBLIC OF PANAMA  
  
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## 1. Background to and aims of the evaluation study

### 1.1 Background to the evaluation study

In order to strengthen its approach from a macrocosmic standpoint, since Japanese Fiscal Year (JFY) 1998 JICA has, in addition to the conventional evaluation of individual projects, undertaken to carry out country program evaluation. The first such evaluation to be carried out focused on Bangladesh, which is the poorest country in SW Asia. In the following fiscal year consideration was given to ensuring transparency and objectivity with a view to improving the quality of the evaluation through the development of evaluation methods. In JFY 1999 the system of Evaluation by External Organizations was instituted, and evaluation studies began to be commissioned to universities, research bodies and consultants with specialist knowledge in development assistance. So far evaluation studies have been carried out for Mexico, which is a middle-income country in South America (in JFY 1999), as well as in Tanzania in Africa and Bolivia in South America (in JFY 2000).

In JFY 2001 a comprehensive examination was made of requests by departments in JICA headquarters and overseas offices, of the need for a revision of the JICA Country Program and of the past record of country program evaluation (regions and development levels of the countries evaluated), as a result of which it was decided that project evaluation by external organizations should be carried out for two countries in Central America, namely Honduras and Panama.

Income levels in Panama are relatively high for a Central American country, but there are huge socio-economic disparities within the country, and the reduction of poverty is an important issue for the country's development. With the return of the Panama Canal in 1999, the operation of the Canal and the preservation of the environment have received attention as important development issues. Japan has cooperated with Panama in such sectors as communications, broadcasting, transportation, traffic, social foundations and human resources, and as regards bilateral cooperation, Japan is the top-ranking donor among the DAC countries (\$426 million, 1997<sup>1</sup>)

The study was carried out in two stages; in the First Field Study of November 2001 an agreement on the larger framework of the study was formulated with the Government of Panama (*see* Annex 1. Minutes), and in March – April 2002 the Second Field Study implemented a detailed evaluation and analysis.

### 1.2 Objectives of the Study

The Objectives of the Study are to carry out a comprehensive evaluation of the contribution made by JICA projects to the development of Panama and to extract from the results of the study recommendations and lessons for the improvement of the JICA Country Program for the country (the establishment of development issues / programs), as well as recommendations and lessons for the formulation and implementation of cooperation programs / projects.

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<sup>1</sup> 1998 ODA Annual Report

## 2. Subject of the study

### 2.1 Region covered by the study

The region covered by the study is the whole of the country of Panama.

### 2.2 Important sectors for evaluation

Important sectors for the evaluation study are Rectification of regional disparities and the gap between rich and poor, Human resource development for sustainable development of the economy, Preservation of the environment, and Support for the Canal and its environs.

### 2.3 Projects covered

Projects in each sector implemented during the period covered by the evaluation (JFY 1991 – 2000) amount to a total of approximately ¥12,300 million<sup>2</sup> or US\$93 million<sup>3</sup> (up to JFY 1999: figures for 2000 have not yet been announced). Sector-wise evaluation covers all projects carried out during the period covered by the evaluation, but the 16 projects listed below in the List of Individual Projects Covered by the Evaluation were subjected to a detailed, individual investigation.

#### List of Individual Projects Covered by the Evaluation

NB1: Items marked P1, P2 etc., in the Program column are strongly inter-related; projects marked with the same number are evaluated together as a single program.

NB2: Shading signifies that the program (P1) is a program implementing a survey of local residents. An asterisk (\*) indicates a matter in which a questionnaire survey was carried out using local consultants.

Sector	Program	Modality	Project Name
Rectification of regional disparities and the gap between rich and poor		*Japan Overseas Cooperation Volunteers (JOCV)	Agriculture, Forestry and Fisheries: 56 Volunteers
		*JOCV	Public Health Care: 30 Volunteers
		*JOCV	Education and Culture: 29 Volunteers
	P1	Community Empowerment	The Ngobe-Bugle Production and Cooperatives Improvement Project (PNB)
		*JOCV	Group Dispatch to PNB: 15 Volunteers
Human resource development for sustainable development of the economy	P2	Project-type Technical Cooperation	Panama Japan Vocational Training Center Project
		*Dispatch of individual experts (long term)	Vocational Training

<sup>2</sup> ODA White Paper

<sup>3</sup> Exchange rate 1<sup>st</sup> January 2002: US\$1=¥131.63

		*Dispatch of individual experts (long term)	Vocational Training
	P3	Project-type Technical Cooperation	The Panama Nautical School Up-Grading Project in Panama
		*Senior Overseas Volunteers	Shipping
		Project-type Technical Cooperation	The Project of Telecommunication Training Center in Panama
Preservation of the environment		Project-type Technical Cooperation	Forest Conservation Technical Development Project in The Republic of Panama
		*Acceptance of trainees (the regional special training course for Central America)	Waste Management Techniques: 7 Trainees <sup>4</sup>
Support for the Canal and its environs	P4	Development Study (M/P + F/S)	Development Plan of the Port of Balboa
		Development Study (M/P + F/S)	Rehabilitation Plan and Container Terminal Operation Plan at the Port of Cristobal
		*Dispatch of individual experts	Long-term Dispatch: 6 Experts 1. Canal Planning 2. Construction Planning 3. Superior Officer (Principal Representative) 4. Maritime Transportation Economy & World Trade: 2 Experts 5. Management of Canal & Shipping Policy

## 2.4 Period covered

The period covered by the evaluation is the 10-year period from JFY 1991 to 2000.

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<sup>4</sup> Number of Trainees participating the 5 year course (JFY1997 - 2001) until JFY 2000.

### **3. Framework of the Evaluation**

As was seen in '1.2 Objectives of the Study', the main purpose of the present study is as follows:

- (1) To carry out a comprehensive evaluation of the contribution made by JICA projects to the development of Panama
- (2) To extract from the results of the study recommendations and lessons for the improvement of the JICA Country Program (the establishment of development issues / programs), as well as recommendations and lessons for the formulation and implementation of cooperation programs / projects.

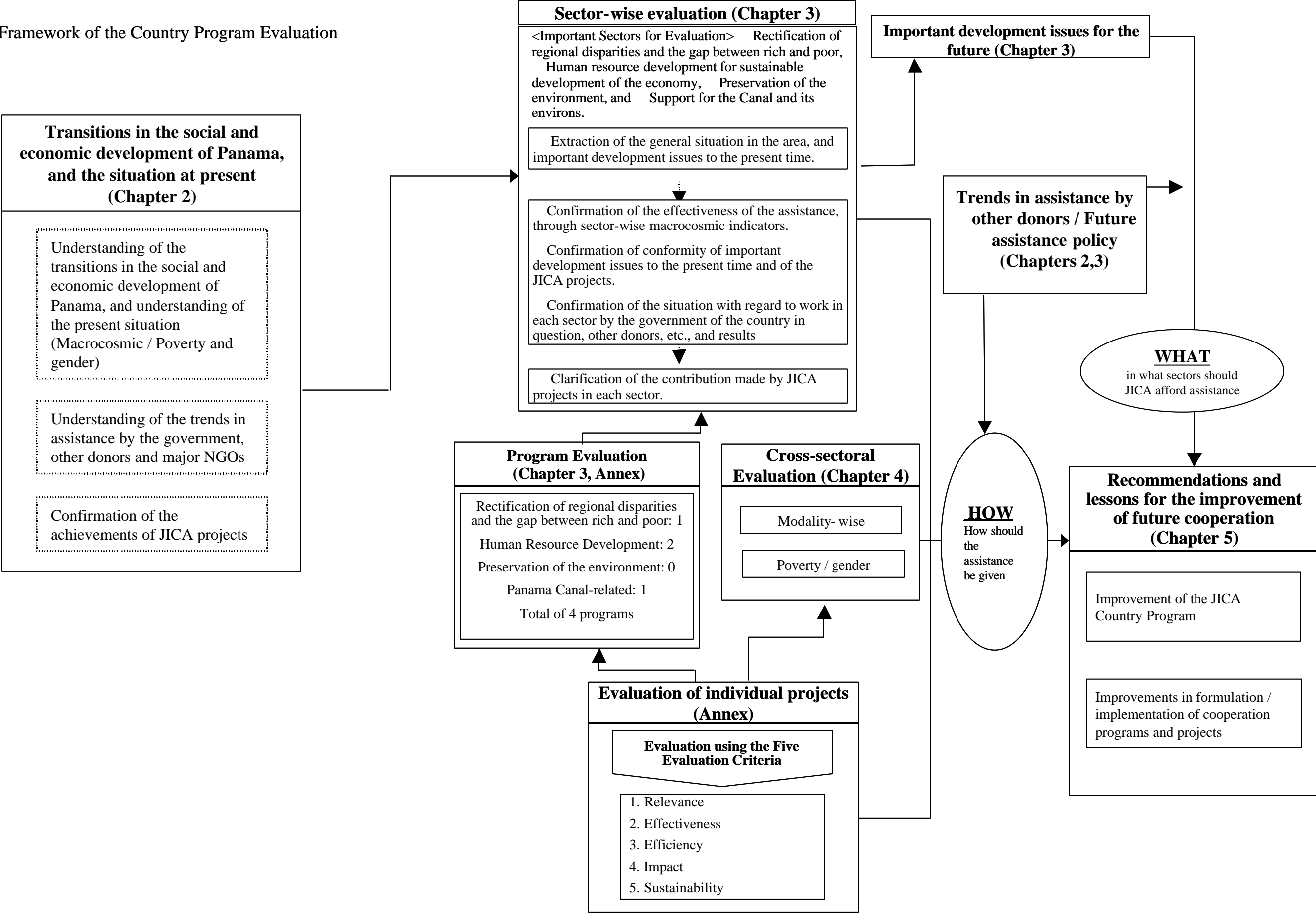
Evaluation of (1) was carried out in the following manner;

- 1) Understanding of the transitions in the social and economic development of Panama, and understanding of the present situation.
- 2) Evaluation of individual projects (confirmation of the effectiveness of each JICA project in each of the important sectors for evaluation)
- 3) Sector-wise evaluation (confirmation of the effectiveness of JICA projects in each of the important sectors for evaluation)

In addition, modality-wise evaluation was carried out in order to make the results of the evaluation useful in assistance methods, and JICA projects were looked at from the viewpoint of poverty and gender problems, which are development issues at present considered important globally.

Next, for (2), the recommendations and lessons obtained from the results of each evaluation were organized from the standpoint of WHAT (in what sectors JICA should afford assistance) and HOW (how the assistance should be provided) in the future. The framework for country program evaluation is laid out in the chart on the following page.

Framework of the Country Program Evaluation





## 4. Study / evaluation method

The methods used in the study and evaluation described in 3 above are as shown below.

### 4.1 Understanding of the transitions in the social and economic development of Panama, and understanding of the present situation. (Dealt with in Chapter 2 of the Main Report)

A study was made of the social and economic trends in Panama, government policy on development, donor / NGO trends and the activities of JICA, and clarification was made on the following items which are prerequisite to an evaluation.

- (1) Understanding of the transitions in the social and economic development of Panama, and understanding of the present situation. (A macrocosmic analysis of the economy and society was carried out using data from the World Bank, United Nations organs, JICA study reports, etc.)
- (2) Understanding of the trends in assistance by the government, other donors and major NGOs (Confirmation was made in terms of the amount of budget input and the number of projects, as to which sectors or development issues the government, other donors and the major NGOs had provided assistance for, using data obtained by interviewing the government, donors and major NGOs, or from existing materials and statistics in their possession.)
- (3) Confirmation of the achievements of JICA projects (Confirmation was made in terms of the amount of budget input and the number of projects, as to which sectors or development issues JICA has worked on, using data from JICA materials.)

### 4.2 Sector-wise evaluation (Dealt with in Chapter 3 of the Report)

First of all, in this section, government bodies were interviewed about the four important sectors of the evaluation study and a review was made of study reports by the World Bank and United Nations organs, in order to clarify the general situation in each sector over the past ten years. At the same time confirmation was made of what the principal development issues ('Important development issues to the present time') had been during this period, i.e., the 1990s.

Next, a sector-wise evaluation was carried out from the following two standpoints:

- (1) Confirmation of the development effect from sector indicators / sub-sector (regional) indicators
- (2) Evaluation of the relevance of JICA projects

In (1), information applicable to the sector indicators / sub-sector (regional) indicators was gathered from existing documents, materials, statistics, etc., and the 'Development Objective System Diagram in the 1990s', which is a systematization of the '**Important development issues to the present time**', was used

to ascertain whether or not projects implemented by JICA in Panama had led to any kind of developmental effect in combination with projects by the government of Panama and assistance from other donors. In (2), confirmation was made of how individual JICA projects had corresponded to the ‘Important development issues to the present time’ clarified above for each important sector. In carrying out this exercise consideration was given to 1) consistency with the important development issues to the present time, 2) whether or not there was cooperation and coordination with other donors, and 3) the effectiveness of the JICA projects.

The ‘Evaluation of the relevance of JICA projects’ mentioned above was based on the program evaluation and evaluation of individual projects implemented in this study.

For the 16 Individual Projects Covered by the Evaluation, evaluation was carried out using the 5 criteria of the DAC<sup>5</sup>. Specifically, methods used were analysis of the PDM on completion and various reports, questionnaire surveys and interviews of those taking part in the project (Japanese experts and local counterparts (C/P), beneficiaries and others involved, and on-site inspection. (For the results of evaluation of individual projects, please refer to Separate Annex No. 3, Results of the Evaluation of Individual Projects)

Focus of the five criteria

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|--|
| <ol style="list-style-type: none"><li>1. Relevance: Whether the assistance project is justified. Do the aims of the project match the needs of the beneficiaries? Is the project consistent with the policies of the recipient country?</li><li>2. Effectiveness: Verification that implementation of the project truly does bring benefits to the target group; verification of the effectiveness of the project in question.</li><li>3. Efficiency: Verification of whether the project was efficient from the point of view of the effective use of resources.</li><li>4. Impact: Observation of the longer-term indirect effects or ripple effects brought about by implementation of the project.</li><li>5. Sustainability: Verification of whether the impact of the project continues after the assistance has terminated.</li></ol> |
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Of the 16 projects covered by the individual evaluation, several groups of projects are closely linked and carry the same kind of overall goal. These are evaluated together as a single program, on the basis of the DAC Five Evaluation Criteria. (For details of the Program Evaluation Results, please see Annex 4.

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<sup>5</sup> Development Assistance Committee: one of the three major committees of the OECD (Organisation for Economic Cooperation and Development). In recent years the Committee has set up numerous guidelines on development cooperation, including improvements to the procedures, methods and structure of project evaluation.

Results of Program Evaluation).

#### 4.3 Cross-sectoral Evaluation (Modality-wise evaluation / Evaluation of poverty / gender) (Dealt with in Chapter 4 of the Main Report)

The aim of this evaluation was to complement the sector-wise evaluation from a cross-sectoral viewpoint and to make the entire evaluation more comprehensive, by carrying out an evaluation and analysis of each project implemented, in terms of modalities and the problems of poverty and gender.

Three modalities of the main projects covered by the evaluation, namely Project-type Technical Cooperation, Grant Aid Cooperation and Development Studies, were taken up. Evaluation in terms of poverty and gender was mainly carried out per program.

## 5. Evaluation Results

### 5.1 Sector-wise evaluation and project evaluation

Taken overall, it is thought that JICA projects have provided cooperation in the sectors considered important as a matter of policy by the government of Panama and the major donors, and it may be said that taken as a whole there are no particular problems with the direction of JICA projects in Panama. Below follows a summary of the results of the sector-wise evaluation and project evaluation, for each of the four sectors that are both the principal sectors for assistance and the sectors on which the evaluation was focused.

#### (1) Rectification of regional disparities and the gap between rich and poor

- 1) The development situation seen in terms of sector indicators / sub-sector indicators (Chapter 3 of the Main Report)

In this sector four important issues were ascertained, and the situation regarding effect was clarified as follows. **Spread of Basic Social Services:** as of 1997, there still remained huge gaps between the poor and the non-poor with regard to the use of basic social services such as education, sanitation, water, public health care, electricity etc. **Increased Agricultural Production** (among the poorer classes): as of 1997, per capita income from agricultural production among the poorer classes was no more than \$148 in agricultural areas and \$108 in indigenous areas, or 20% - 30% of extreme poverty-line income (\$519). **Increased Processing / Sales of Agricultural Produce:** as of 1997, non-poor farming families sent 57% of their produce to market, while poor farming families were able to send only 21% to market. Lack of information makes it difficult to judge the situation, but it is thought that among the poorer classes, in particular those in the indigenous areas, very little of the produce is processed and marketed. **Acquisition of Quality Employment** is not thought to have been achieved to any extent. As of 1997, 70% of the poorer classes were employed in the informal sector, where the level of wages is roughly 60% that of the private, informal sector. Wages in the agricultural areas are less than half what they are in the cities, and the rate of unemployment among the poorer classes is somewhat higher than among the non-poor classes.

- 2) Relevance of JICA projects (Chapter 3 of the Main Report)

Conformity between JICA projects and the important development issues of each sector

JICA projects in this sector can be divided into two groups; assistance towards the indigenous Ngobe-Bugle tribe, and activities undertaken mainly in the regions by JOCV. The former projects target the Ngobe-Bugle tribe, which faces poverty of extreme proportions. Since they tackle the issue of the alleviation of poverty which is an important target of the development policies of the Government of Panama / the level of conformity is high. Many of the sectors of JOCV activities are related to the important development issues of this sector, but if we look at the activities of individual volunteers, there are not a few cases where the volunteer's field of expertise does not match the needs of the host organization. There are also cases where the volunteer had no option but to carry out manpower activities rather than giving technical guidance to the C/P and residents at the host organization. The relevance of individual Dispatches of volunteers is judged to be rather low.

#### Coordination and cooperation with other donors

JICA's sectors of cooperation more or less overlap the sectors of cooperation of the other major donors. The Ngobe-Bugle Living Standard Improvement Program is closely coordinated with IFAD projects, but the activities of other volunteers are not coordinated with the projects of other donors. However, it is thought that depending on the organization or site to which a volunteer is dispatched, activities may be related to the projects of other donors.

#### Effectiveness of JICA projects

Results are still limited; the impact on the alleviation of poverty among the Ngobe-Bugle tribe as a whole, or in Panama as a whole, is thought to be slight.

### 3) Evaluation of Programs / Individual Projects (Chapter 3 of the Main Report)

If we look at the situation of the sectors in a 5-grade evaluation according to the five evaluation criteria, we see that there is a high degree of relevance in the cooperation objectives for the sector, but plans for individual projects are not necessarily appropriate. Target achievement in projects to assist indigenous people is low, and thus low evaluation was also given to efficiency of implementation. However, some impact in raising living standards is apparent for indigenous people within narrow bounds. Sustainability was evaluated as 'considerably low' at the project target level, but at the program target level it was evaluated as 'somewhat low'.

## (2) Human resource development for sustainable development of the economy

- 1) The development situation seen in terms of sector indicators / sub-sector indicators (Chapter 3 of the Main Report)

In this sector three individual projects related to vocational training were taken up as principal issues, namely ‘**The human resources needed for the Panama Canal and for the dock and shipping industries are developed.**’ ‘**The human resources needed for the development of other service sectors are developed.**’ and ‘**The human resources needed for the development of industries other than the service sector are developed.**’ It may be considered that the first of these issues has been accomplished to a considerable degree. With regard to the second issue too, it is thought that the training and supply of personnel has been undertaken smoothly to some degree. With regard to the third issue, there seem to be not a few problems in human resource development.

- 2) Relevance of JICA projects (Chapter 3)

Conformity between JICA projects and the important development issues of each sector

JICA has undertaken assistance in three sectors mainly through Project-type Technical Cooperation, but those sectors are completely diversified, being ‘Manufacturing’, ‘Shipping’ and ‘Telecommunications’. However, they wholly meet with the important development issues in the sense of their contribution to the development of these industries, and overall the relevance of the projects was high.

Coordination and cooperation with other donors

JICA, together with the Inter-American Development Bank, is one of the few donors providing assistance in the vocational training sector, but donor coordination in the vocational training sector was not particularly active.

Effectiveness of JICA projects

It is considered appropriate to discuss this item too as three distinct items of cooperation. In cooperation including the ‘**The Panama Nautical School Up-Grading Project**’, initially the overall goal was to increase the number of Panamanian seamen with advanced qualifications, as stated above. In fact, after

1998 when the project ended, there has been a marked increase in the number of graduates at officer level. However, it could be that the greatest impact of this project was damage avoidance. This is to say, if matters had been allowed to continue as they were, there would have been a danger that the non-conformity of training quality to the content of the STCW Convention would lead to a loss of confidence in the Panamanian shipping industry. For the '**Telecommunication Training Center**' project, the goal was the expansion and advancement of the telecommunications network through the digitalization of Panama by means of an increase in the number of middle-class technicians to carry out operations and maintenance in the digital / optic fiber transmissions sector. Overall the impact is thought to be high. The total number of long- or short-term trainees produced by the '**Vocational Training Center**' from the period of the project to the year 2000 is in the region of 9,000. Interviews with private-sector enterprises at which graduates of the Center are employed confirmed that the Center did have a favorable effect to some degree. Thus it may be thought that this project also had a relatively high impact. However, there are reports that the employment situation for graduates of the Center is extremely severe lately.

### 3) Evaluation of Programs / Individual Projects (Chapter 3 of the Main Report)

Cooperation in this sector matches issues that are very important for Panama, and the degree of relevance is relatively high. With regard to effectiveness too, activities and output led smoothly to the project purpose, and the degree of purpose accomplishment is relatively high. The same is true of the impact. However, there are some activities where use of input is not efficient, and efficiency is thought to be only middling. Sustainability varies between projects (implementing agencies), and in some cases is somewhat low.

#### **(3) Preservation of the environment**

##### 1) The development situation seen in terms of sector indicators / sub-sector indicators (Chapter 3 of the Main Report)

In this sector there are four principal issues, namely '**Preservation of Forest Resources**', '**Preservation of Biodiversity**', '**Improvement of Environmental Hygiene**' and '**Preservation of the Canal Zone**'. With regard to 'Preservation of Forest Resources', during the 1990s the area of forested land fluctuated continually and the result is a tendency toward maintenance of the status quo. With regard to 'Preservation of Biodiversity', under the General Environment Laws of 1998 laws relating to the

preservation of biodiversity and preservation of aquatic biodiversity were enacted, but indicators of improvement are not yet apparent. With regard to 'Improvement of Environmental Hygiene', while there is a trend towards improvement in air pollution in the 1990s with the implementation of the regulation of automobile exhaust fumes, the pollution of water resources has grown worse and there has been no advance in waste treatment on a country-wide scale; environmental hygiene has tended to worsen somewhat. With regard to 'Preservation of the Canal Zone', the weakening of water-retention capabilities through the destruction of forests in the Canal Zone is the cause of the insufficient water volume in the Canal.

## 2) Relevance of JICA projects (Chapter 3 of the Main Report)

Conformity between JICA projects and the important development issues of each sector

JICA projects are the project-type technical cooperation 'The Project of Telecommunication Training Center in Panama' and the acceptance of trainees (the regional special training course for Central America) 'Waste Management Techniques'. One of the most important issues in the environmental preservation sector in Panama is forest preservation, and this was expressed by all those concerned who were interviewed for the evaluation. For this reason the National Environmental Authority (ANAM, formerly INRENARE) needs to strengthen capabilities through 'an increase in the number of personnel capable of conducting environmental education' and 'the provision of hardware and software for training'. JICA's assistance in this sector can be said to be relevant.

The management of waste in Panama is a problem that grows yearly more serious. From now on management by local government bodies must be strengthened. Assistance in this sector may also be considered relevant in that Japan's local government bodies' experiences in waste management can be taught.

Coordination and cooperation with other donors

JICA's cooperation in the Forestry sector may have been limited to 'spot' cooperation conducted alone, but it has been cooperation carried out in a system of cooperation requested by the Government of Panama, after coordination between donors based on the Forest Action Plan. Solid waste management is an important issue for Panama, but other donors seem to be providing little assistance.



## Effectiveness of JICA projects

The 'Forest Conservation Technical Development Project in The Republic of Panama', did not initially include plans for dissemination of the technology, which is the overall goal, and it was not until the project was near completion that a pilot project was implemented; and this seems to have had only a limited impact. As for the acceptance of trainees, six persons were trained over a period of five years, and with this small input the impact on the issue of sector development has been limited.

### 3) Evaluation of Programs / Individual Projects

Both forest preservation and solid waste management are issues with a high degree of importance, and considerably high relevance. However, even in the case of project-type technical cooperation, the technologies developed or improved are a long way from being disseminated, with the result that the actual impact has been middling. Because of financial problems, sustainability too is only middling.

## **(4) Support for the Canal and its environs**

### 1) The development situation seen in terms of sector indicators / sub-sector indicators (Chapter 3 of the Main Report)

In this sector there are three principal issues, namely 'the Panama Canal', 'Ports adjacent to the Panama Canal' and 'Development of the Canal Zone'. The amount of freight going through the Panama Canal has grown by about 23% in ten years. A 60% rise in income from toll fees and the tendency for the Canal to make a growing contribution to the GDP show that the Canal is making a growing contribution to the economy of Panama. The development of container ports by private-sector initiatives and the privatization of existing ports have given 'Ports adjacent to the Panama Canal' a high degree of international competitiveness and boosted growth. It is judged that by and large, the 'Economic Development of the Canal Zone' is progressing smoothly. The GDP of the Canal Zone has risen 72% over ten years (an average yearly growth rate of 10%), and its contribution to the national GDP has risen from 9.6% to 13.7%.

### 2) Relevance of JICA projects (Chapter 3 of the Report)

Conformity between JICA projects and the important development issues of each

sector

JICA projects cover all three of the principal issues in this sector, and of these particular emphasis has been placed on assistance aimed at the shipping sector – the Canal, ports, etc. Viewed broadly, JICA projects conform well to the principal issues in this sector.

Coordination and cooperation with other donors

Apart from the ‘Study of Alternatives to the Panama Canal’, assistance was not conducted jointly with other donors , and there does not seem to have been any concrete, positive coordination between JICA and other donors.

Effectiveness of JICA projects

In ‘Assistance for the Panama Canal’ the ‘Study of Alternatives to the Panama Canal’ and the related technical assistance provided by the dispatch of three long-term experts played a very important role. In ‘Assistance for Ports adjacent to the Panama Canal’ two development studies were carried out for the modernization of the ports. However the full-scale privatization of the ports sector that took place in the latter half of the 1990s was not foreseen, and differences of opinion with the Panama Canal Authority regarding the effect of new ports on operation of the Canal were not necessarily properly ironed out. For these reasons people were unable to make practical suggestions regarding a new container port. At the present time, ‘Assistance for the Development of the Canal Zone’ does not seem to have produced any particular concrete results.

### 3) Evaluation of Programs / Individual Projects (Chapter 3 of the Main Report)

Broadly viewed, cooperation in this sector is highly relevant, but for a variety of reasons some individual projects have a relevancy that is somewhat low. Effectiveness (achievement of project purpose) and efficiency of implementation were both evaluated as being somewhat low. The expected impact with regard to the project purpose has not been realized. Sustainability was evaluated as rather low at the project purpose level, and as middling at the program purpose level.

## 5.2 Cross-sectoral Evaluation

### (1) Modality- wise Evaluation

#### 1) Project-type Technical Cooperation

There are four projects belonging to this modality, but two other projects<sup>6</sup> similar to Project-type Technical Cooperation in scale of input, approach, period of cooperation, etc., were included in the calculation of the evaluation points (mean values). Overall, the relevance of the plans was somewhat weak, while the relevance of input and the appropriateness of operation and administration were a little higher than middling, resulting in the accomplishment of purpose being no better than middling. However, to some extent the external environment had an adverse effect on realization of the project purposes, and it is thought that the reason the level of purpose achievement is not high is not a problem that lies solely within the project. While the sustainability of the partner implementing agency was a little lower than middling, the adverse effects of the external environment towards realization of the overall goals was small, and the degree of impact achievement slightly exceeded the degree of the project purpose achievement. There was hardly any apparent negative impact. The following issues remain: **rectification of the ambiguity of purpose and low level of planning precision when plans are being drawn up, and the need to gain a clearer confirmation of external conditions for achievement of the purpose when the project is being planned**. This would improve the level of achievement of the project purpose, resulting in improved efficiency.

#### 2) Development Study

Only two projects belong to this modality. With regard to the relevance of the projects, conformity to the needs of Panama, appropriateness of study plan preparation, etc., are high. The appropriateness of input, operation and administration is also high, but accomplishment of purpose (mean) is somewhat low, at 2.3. The organizational capabilities of the implementing agency at the completion of the project were evaluated by those involved in the project as higher than middling, but in the present study sustainability was evaluated at less than middling.

As stated above, the degree of accomplishment of purpose is low. Because of this and the somewhat low level of ascertainment of the external conditions necessary for the project purpose to link up with the overall goal, combined with the external obstructive

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<sup>6</sup> The two projects are 'The Ngobe-Bugle Production and Cooperatives Improvement Project' (Local Development Program) and 'Group Dispatch to PNB' (Dispatch of JOCV groups)

factors, the level of the realization of the plans resulting from the study is low. This is why the impact initially expected from the project has not appeared at all. In this modality, **there is a need to gain “confirmation of the external conditions necessary for the project purpose to link up with the overall goal”, and to improve the quality of the actual report of the development study, which corresponds to the project purpose.**

## (2) Poverty / Gender Evaluation

### 1) Poverty

It is thought that a certain part of the total JICA project number or budget for the 1990s was meant for the reduction of poverty. In terms of trends, both of the projects related to the reduction of poverty were started after the mid-1990s. It may be said that **there is a tendency for JICA to start to place more emphasis on the reduction of poverty.** However, according to the impact evaluations of the ‘Ngobe-Bugle Living Standards Improvement’ program, the ‘Forest Conservation Technical Development Project’ project and the volunteers responsible for Agriculture, Forestry and Fishing, Health and Public Health Care and Education and Culture respectively, no great effect has yet become apparent; the fact is that **it is difficult to say that JICA projects have actually contributed to any reduction of poverty.**

### 2) Gender

Almost none of the JICA projects in Panama are clearly aimed at removing gender discrepancies; it can be stated as typical that the problem of gender is tackled through the active participation of women among the beneficiaries.

## 6. Recommendations and lessons for future cooperation

### 6.1 Review of the JICA Country Program

In this section, we first of all confirm the basic direction of development in Panama; then we clarify from the important sectors of the evaluation the principal issues in which JICA should support Panama (priority issues in which Japan should provide assistance). We then take into account the direction of other donors and narrow down the ‘priority issues in which Japan should provide assistance’. The review of the JICA Country Program was conducted by comparing these final ‘priority issues in which Japan should provide assistance’ with the content of the existing ‘JICA Country Program’.<sup>7</sup>

The specific order of the work is as follows:<sup>8</sup>

1. Establishment of a system of principal issues in the important sector under evaluation.

2. Sector-wise selection of future important issues.

3. Extraction of issues that have technological priority for Japan.

4. Establishment of ‘priority issues in which Japan should provide assistance’ (first draft).

5. Confirmation of assistance sectors / issues of importance to other donors.

6. Establishment of ‘priority issues in which Japan should provide assistance’ (final draft).

7. Compilation of recommendations for the ‘JICA Country Program’ through a comparison of the ‘priority issues in which Japan should provide assistance’ (final draft) and the ‘JICA Country Program’.

Finally, an attempt was made to classify the issues as follows, through comparing the ‘priority issues in which Japan should provide assistance’ (final draft) and the ‘JICA Country Program’.

Category	Definition
Category A	Development issues that are indicated in the ‘JICA Country Program’ and also come under the ‘priority issues in which Japan should provide assistance’ (final

<sup>7</sup> In the 2001 issue of the Plan four important sectors for assistance are laid down (see P.21), but there is no direct connection between these and the important sectors in the evaluation, which were selected from important project sectors over the past ten years.

<sup>8</sup> The criteria for selection of the issues shown here are general ones; in the actual selection of issues and the adoption of items, there would be a need to consider the relationship between Japan and the recipient country in question, in terms of economics, politics, culture etc., as well as the national interests of Japan.

	draft)
Category B	Development issues that are indicated in the 'JICA Country Program' but do not come under the 'priority issues in which Japan should provide assistance' (final draft)
Category C	Development issues that are not indicated in the 'JICA Country Program' but do come under high priority in the 'priority issues in which Japan should provide assistance' (final draft)

The basic thinking for each category is as follows.

Category A: principal issues, which should remain development issues as at present.

Category B: grounds for strongly promoting the issues as 'development issues / programs' are weak, in the view of the study team

Category C: It is hoped the handling (addition) of these issues as development issues will be considered.

As a result of the verification of the 5 sectors and 11 programs that come under the JICA Country Program, 9 programs (Category A) were confirmed to be principal issues. It was considered appropriate to continue to give support to most of the development issues started in the current JICA Country Program. However, detailed notes on the issues and on the approach to issues, are given under "Recommendation," in the table on the following pages. For further reference, some of those Category A issues for which Japanese technology is a high priority and for which the conditions to promote the issue are considered to be ready, were selected out as issues on which greater emphasis should be placed (A+).

**Table: Verification of Important Sectors and Issues in the JICA Country Program**

Name of sector	Development Issues	Name of JICA program	Priority issues in which Japan should provide assistance (NB1)	Category (NB2)	Recommendations
Rectification of regional disparities and the gap between rich and poor (Important sector for assistance)	Improvement of the income-acquisition capability of the poor classes in rural districts	Rural area residents' income improvement program		A+	Assistance is desirable that aims to discover the system of production techniques most suited to the natural conditions and market conditions of the target area, disseminate the techniques to farmers efficiently, provide assistance in the organization of cooperatives and farmers' groups and create a concrete structure of production – processing – distribution. It will probably be important to narrow down the region to some extent and focus efforts overall, and to incorporate organization-building components targeting government agencies, NGOs and farmers' cooperatives in order to improve sustainability. Efforts to discover the potential of promising local industries through rather large-scale market surveys will also be important.
	Improvement of the income-acquisition capability of the poor classes in fishing villages	Fishery resources development program	-	-	In this sector the fishing industry may have some importance, but since the fishing industry sector was not covered by the evaluation except by a handful of volunteers, we refrain from judgment because of the lack of information.
	Assistance for social independence of indigenous people	Indigenous peoples' anti-poverty program		A+	Basically the direction is much the same as for the 'Rural area residents' income improvement program', but considering the difficulty of geographic access to the regions inhabited by the indigenous people and the low productivity of the land and traditional production systems, emphasis should be placed on the raising of productivity rather than on processing or distribution. Bearing in mind the need to respect the indigenous people's identity and values, and the fact that indigenous people in general have a high social capital, assistance by means of a participatory approach, developed over time, will be appropriate. The experiences gained in assisting the Ngobe-Bugle tribe should be fully utilized.
	Improvement of the quality of medical care services	Basic health services improvement program		A	The spread of basic health services to the regions, particularly to the rural areas, is a principal issue. However, in this sector the World Bank and IDB have shown powerful initiatives, working not only on the spread of basic health services to the regions but also on health sector reforms and model building. It will be necessary to monitor carefully the output from this, and to investigate the necessity or possibility of technical cooperation restricted to a particular theme or region.
Continued economic growth (Important sector for assistance)	Promotion of industries with international competitiveness	Industrial promotion program		A+	In Panama, the background of geopolitical predominance and a dollar economy is an advantage in promoting industry, mainly service industries, such as distribution, finance, tourism, etc. Assistance to discover a sector in which Panama can have a strong international competitive edge, the drawing up of a comprehensive industrial promotion strategy including human resource development, and an investment promotion strategy, may be considered. However, the situation is not such that the experiences of Japan, which developed an export industry centered on manufacturing, can be applied directly; this means that care is needed in the selection of sectors and type of industry to be targeted for cooperation.

	Development of human resources	Human resource development program		A	This item includes the improvement of vocational training, academic R&D capabilities and science education, and the drawing up of a mid- to long-term plan. In this sphere, based on cooperation experiences so far it is thought that JICA may be able to assist in the improvement of science education in such fields as guidance for teaching staff or the development of teaching materials. However, the reason this issue is marked as a priority issue in which Japan should provide assistance is that there are not many other donors laying stress on this (e.g., vocational training); it is not that Japan is particularly well experienced in this field.
Environmental preservation (Important sector for assistance)	Strengthening of the capacity to implement environmental policies	Environment administrative support program		A	Evaluation of environmental impact has become the task of local government bodies, but almost none of the local government bodies have the ability to do this, and there is an urgent need to standardize evaluation methods and to strengthen the abilities of the local government bodies. Japan has experience in the training of National Environmental Authority personnel in the Project-type Technical Cooperation, and also has some degree of technical predominance. It will, however, be necessary to coordinate activities in the Canal Zone with USAID.
	Improvement of waste treatment technologies	Waste management program		A	Technical cooperation aimed at strengthening the waste management capacities of the local government bodies is hoped for. The importance of plans to expand / build sanitary landfills leading to implementation using loans in Panama City and other big cities is high, as is Japan's relative predominance. However, the construction of the infrastructure for waste management requires capital cooperation rather than technical cooperation.
	Education in, and spread of, environmental preservation technologies	Natural environment preservation program		A+	The technology, teaching materials and training methods developed in past Project-type Technical Cooperation are of a very high standard, but there is a need to spread their use to a wider area, not only for the present Project-type Technical Cooperation. It is expected that because of personnel and funding limitations diffusion activities by the central and regional governments will fall off compared to the past. The strengthening of supervisory powers is a task for the central and regional government, and diffusion activities are in fact carried out through the NGOs and community organizations. It is proposed that more NGOs and community organizations should become implementing bodies for Japan's cooperation.
Support for the Canal and its environs	The establishment of fair toll charges taking into consideration the ship companies and the shipping industry, which are the Canal's customers; and an investment plan corresponding to the demand for passage	Canal operations assistance and the re-use of restored land		A	<b>(NB: Here we are commenting in line with the title of the sector/program, not necessarily the content of the development issues listed on the left)</b> In the improvement of infrastructure for the Panama Canal and restored land, the demand is more for financial cooperation than technical cooperation. However, there is still room for technical cooperation for the development of future alternative water resources for the Canal. Modernization of the ports in the Panama Canal Zone can be left to the private sector. With regard to large-scale projects in the Canal Zone there is the possibility that themes for individual, specific technical cooperation may come to the fore, but it is important to have a clear view of the division of roles between ODA and the private sector. This program will narrow down the scope of cooperation to the promotion of industry in the Canal Zone, and its integration into the 'Industrial promotion program' may be considered.



Others (Regional disaster prevention)	The Coordination Center for the Prevention of Natural Disasters in Central America (CEPREDENAC) which is a technical specialist organ of Central American Integration System (SICA), is located in Panama and plays an important role as a base for the improvement of disaster-prevention systems in the Central America region.		-	-	As disaster-prevention-related projects were not included in those covered by the evaluation, we refrain from judgment because of the lack of information.
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NB1: =issue of maximum importance, = issue of importance, items on which no particular importance is placed are marked –

NB2: A: Development issues that are indicated in the 'JICA Country Program' and also come under the 'Priority issues in which Japan should provide assistance' (final draft)  
 B: Development issues that are indicated in the 'JICA Country Program' but do not come under the 'Priority issues in which Japan should provide assistance' (final draft)  
 C: Development issues that are not indicated in the 'JICA Country Program' but do come under high priority in the 'Priority issues in which Japan should provide assistance' (final draft)

Source: drawn up by the study team.

## 6.2 Formation of cooperation projects / Improvement of implementation

In this section we look at the question of HOW: in what way should JICA implement its projects in the future. For this task, we set up two stages of viewpoint, namely, program and project.

### (1) Recommendations for programs

#### 1) Establishment of a framework and methodology for the full-scale introduction of the program approach

As JICA moves its emphasis from cooperation in terms of individual requests or modalities, as has been the case up until now, to the introduction of a program approach, it has become necessary to establish a sound framework and methodology. Specifically, it is necessary to set up a standard process from the drawing up of the program to its operation, monitoring and evaluation, and to draw up a concrete methodology for each phase. In such case the application of PLM<sup>9</sup>, the log frame for programs that has been used experimentally in this instance, will be fully possible.

#### 2) Stronger linkage and coordination between projects to ensure the success of the program

What the program evaluation carried out in this instance has made clear is the fact that **the proper combination of projects making up the program correlates to some extent to the size of the impact of the program as a whole.** To give a specific example, if we compare the results of the evaluation of the Vocational Training program and the Shipping program, it should be noted that while the TOR of the experts in the Vocational Training program was not necessarily clear, and thus management of objectives was insufficient, in contrast, the TOR of the senior overseas volunteers on the Shipping Program was precise and for this reason it was possible for them to make a contribution to the impact of the program. In other words, this indicates that in order to draw up a program with sufficient impact, it is necessary to define clearly the role not only of the main project but also of the individual related projects that contribute to the main project.

In order for a program to succeed, it goes without saying that the success of the individual projects is a necessity; but the proper combination of individual projects as indicated below is also necessary.

(Check points)

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<sup>9</sup> For details, see 1-15 in the Main Report.

Selection and combination of project purpose: the choice and combination of project purpose (cooperation issue, cooperation sector or cooperation theme) to support the program purpose should be appropriate from the standpoint of the necessity and importance of each cooperation issue, supportive relationship, synergetic effect and balance.

Selection and combination of C/P agencies: the choice and combination of C/P agencies to support the program purpose should be appropriate from the standpoint of the organizational, technical and financial capacity of each C/P agent, the relationship between C/P agencies and the overall balance between related agencies.

Selection and combination of cooperation modalities: the choice and combination of cooperation modalities to support the program purpose should be appropriate from the standpoint of the choice of modalities to meet needs, compositeness or diversity, the balance with modality combinations, etc.

Coordination between projects: the projects included in a program should be coordinated not merely in concept but in practice (such as the shift from proposal to implementation, or a specific working together, cooperation, and sharing of information between projects), in order to accomplish effectively the purpose of the projects and of the program.

### 3) Mutual assistance between the Community Empowerment Program and JOCV

The Ngobe-Bugle Living Standard Improvement Program that was covered by the present evaluation **suggests the possibility of mutual assistance between the Community Empowerment Program and JOCV leading to more efficient, more effective assistance.** Individual projects in this program that have had some measure of success have all been projects in which JOCV have given appropriate advice. Where there was no Community Empowerment Program, it was not possible for JOCV to implement individual projects on this scale using only the usual JOCV expenses.

From the standpoint of making full use of the capacity of the JOCV to gather information in the community when the Community Empowerment Program and JOCV are combined, it is thought that allowing the volunteers to go in first enables them to make more appropriate proposals for the project plan.

## (2) Recommendations for projects

### 1) Development Studies

Cooperation should begin only after confirmation of the external conditions for

application of the proposed plan.

**Studies of revenue sources for the project, the trend towards privatization, the legal system and the overall plan, the legal standing of the proposed plan etc., need to be stepped up,** and implementation of the cooperation should be determined only after these have been confirmed.

**When the possibility of the privatization of the subject of a development study for the infrastructure sector or a public sector project is evident, the trend should be watched carefully; or the study should concentrate on proposals for the methodology of privatization.** In particular, in a case where prompt investment is required in an investment project with a strong commercial character, the study needs to keep in sight the possibility of investment from the private sector. In so far as no concrete financial source is specified, cooperation based on a development plan with no direct connection to investment will not necessarily be effective. However, **there are many different styles of privatization, and so the study needs not to stick to existing policies and the experiences of Japan, but to consider a wide range of possibilities.**

- 2) Project-type Technical Cooperation (Note: From fiscal 2002 the Technical Cooperation Project has been introduced as the basic unit for JICA projects. The former Project-type Technical Cooperation will be integrated into the Technical Cooperation Project, and is described here for reference.)

#### Clarification of purpose and strict monitoring

There are not a few projects for which the project purpose is vague, no distinction is made between the project purpose and the overall goal, or where the purpose as a whole is no more than a wish or an ideal. For the projects covered by the present evaluation the clarity with which the purpose was stated was also evaluated on a scale of five, and the mean value was no better than middling. Combined with inadequate monitoring, the establishment of an ambiguous purpose gives rise to makeshift activities and discrepancies in the directionality of activities by experts, and does not lead in the end to the accomplishment of a satisfactory development effect. **The project purpose and its indicators should be set as specifically as possible, and monitoring should be rigidly enforced.** In addition, if we look at the results of the modality-wise evaluation there are some projects for which the external conditions needed to link the project purpose with the overall goal are not fully ascertained beforehand, and it is thought that this has an adverse

effect on the final impact. **There is a need to gain a sound confirmation of the external conditions necessary for accomplishment of the purpose, at the time the project is planned.**

Include improvement of management control to raise financial sustainability

Training Centers and other similar institutions find themselves in difficult circumstances financially. The improvement of management control to raise financial sustainability after completion of the project must be an important part of the project. One major reason for the Training Centers' financial difficulties is that training is carried out free of charge (eg: the Vocational Training Center). Even though these are institutions with a strong public character, requiring trainees to pay part of the costs may also be considered important in raising their motivation, too. The Seamanship School, which is an institution that was covered by the evaluation, does in fact charge tuition fees.

Specifically, the following recommendations are made.

Responsibility	Implementing body	Specific measures
Japanese / Panamanian sides	Project implementing agency and JICA overseas office	Both parties should share a clear understanding of the need for cost recovery, should consider practical means of recovering costs, and should incorporate into the project those factors needed to bring this about. The scope of cost recovery is at the three levels described below, but in order to elevate sustainability the project should be planned with level b. at least in mind. (It goes without saying that level c. is preferable if it is possible). a. Recovery of the costs of operation / maintenance b. In addition to a. above, recovery of investment costs for the renewal of materials past their period of usability. c. In addition, recovery of the costs needed for the future expansion of activities.
Panamanian side	Supervisory institution of the implementing agency	Consideration of the introduction of tuition fees for those institutions where training is given free of charge.

Even if there is a possibility of privatization of a sector, criteria should be made clear so that the sector can be considered for technical cooperation

The Telecommunications Training Center was eventually privatized, but the impact initially planned for was achieved and the project was certainly not at odds with the aims of ODA. It may be considered that in the future the privatization of state enterprises will proceed not only in Panama, but in countries all over the world, and it is thought that this may be dealt with using the following kind of policy.

Responsibility	Implementing body	Specific measures
Japanese side	JICA headquarters (Regional Departments and other departments related to project implementation)	1. Where the ultimate beneficiaries are a wide section of the people, or the poorer classes, etc., the project is a target for technical cooperation, basically regardless of sector. 2. However, when the implementing agency plans privatization from the start, or when it is anticipated all along that the project will be profitable, the project's priority as a target for cooperation will be reduced

### 3) Acceptance of trainees

Only one training project was covered by the present study. On the regional special training course for Central America 'Waste Management Techniques', many were of the opinion that the skills learned were being put to use, and the course seems to have been conducted successfully. Recommendations for training projects drawn from this experience are as follows.

Rigid implementation of training evaluation and monitoring.

This is already done for many training projects, but in addition to conducting a survey of the trainees at the completion of every training course and holding an evaluation meeting to review the course, etc., appropriate evaluation and monitoring so as to systematically reflect the results in subsequent training (in prescribed document form, that can be passed on) will continuously raise the quality of the training.

There is a need to prepare trainees before they come to Japan and to step up the transmission of technology to other staff after training.

Trainees should always be asked about their pre-training situation; 'Did you gain relevant information?' 'Was the information sufficient?' and 'What information was lacking?' The answers should be reflected in prior liaison for the next course. Overseas offices should carry out orientation prior to the training.

The organizations to which trainees belong are required to encourage them to transmit the technology to other staff after training. In order to achieve this, follow-up studies are also necessary.

### 4) Japan Overseas Cooperation Volunteers (JOCV)

Dispatch of groups with a clear role.

Attention should be paid to the fact that effective coordination between volunteers engaged in technical cooperation does not necessarily occur spontaneously. Even when volunteers are dispatched in a group<sup>10</sup> it is advisable to make preparations in line with team dispatch<sup>11</sup>, so that through the preparation of planning documents (PDM, PO etc) and the introduction of monitoring and evaluation, the volunteers, JICA (Overseas Offices / Overseas Cooperation Secretariat) and the agencies of the partner country can share a full understanding of the plan and of the aims of the volunteers' activities.

For similar reasons, in cases where individual volunteers are dispatched to the same place, more effective orientation needs to be provided for the newly-arriving volunteers in order to aid the handing over of duties from volunteer to volunteer and to promote a sense of common purpose.

If we look only at the distribution of agencies and regions to which volunteers are assigned, it appears that JOCV projects in the three sectors in Panama are strongly connected with the alleviation of poverty and the rectification of regional disparities. However, whether there was in fact any impact or not varies, affected by **the needs and attitude of the agency or region to which the volunteers were assigned, the qualities and competence of the volunteers, and the specific content of the activities (to whom the technology was transferred, or whether activities were provided as manpower)**. The fact that the agency or region to which a volunteer was assigned was connected with the alleviation of poverty does not mean that the volunteer was able to make a direct contribution to the alleviation of poverty. In order to implement more effective cooperation, with regard to the dispatch of individual volunteers a detailed preparatory study is called for, covering the points highlighted above.

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<sup>10</sup> This refers to those cases that are basically the same as a team dispatch, but where for some reason, such as all the conditions for a team dispatch not being ready, the volunteers are not dispatched in the category of "team dispatch".

<sup>11</sup> When a number of volunteers are dispatched together with the aim of developing together with local residents cooperation that is both systematic and comprehensive, to attain a greater impact than an ordinary dispatch. Because this requires the recipient country to take on some of the burden (in manpower, materials, budget), usually minutes are drawn up between the Secretariat (or overseas office) and the government of the recipient country. In a team dispatch of volunteers, the team leader (senior) and the TOR of the project are clearly determined, and normally a great deal of time is needed for preparation. With a group dispatch, preparation time is the same as for the ordinary dispatch of volunteers, with a number of volunteers being sent to the same country and the same sector; there is no distinct leader or TOR.