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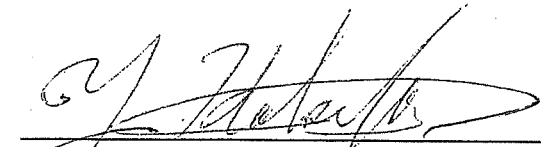
**MINUTES OF MEETINGS
BETWEEN
JAPAN INTERNATIONAL COOPERATION AGENCY
AND
AUTHORITIES CONCERNED OF THE GOVERNMENT OF
THE REPUBLIC OF PANAMA
ON THE PROJECT FOR
PARTICIPATORY COMMUNITY DEVELOPMENT AND
INTEGRATED MANAGEMENT OF THE ALHAJUELA LAKE SUBWATERSHED**

The Japanese Preparatory Study Team (hereinafter referred to as “the Team”) organized by Japan International Cooperation Agency (hereinafter referred to as “JICA”) and headed by Mr. Yukihide Katsuta, visited the Republic of Panama for the purpose of conducting a preparatory study on the Project for Participatory Community Development and Integrated Management of the Alhajuela Lake Subwatershed (hereinafter referred to as “the Project”).

During its stay, both the Team and authorities concerned of the Republic of Panama had a series of discussions and exchanged views on the Project with respect to the preferable measures to be taken by both sides for smooth implementation of the Project. As a result of the discussions, both sides agreed to the matters referred to in the documents attached hereto.

Done in duplicate in Spanish and English languages, each text being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

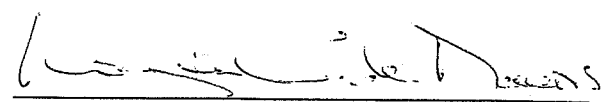
Panama City, January 25, 2006



Leader

Preparatory Study Team

Japan International Cooperation Agency



General Administrator

National Environment Authority

Republic of Panama

THE ATTACHED DOCUMENT

1. Justification of the Project

The area of the Alhajuela Lake subwatershed, located at the east of the Panama Canal Watershed, is an area of particular biological and socio-economic importance. Villagers in the area are developing economic activities based on the exploitation of the natural resources, and therefore it is necessary to introduce environment friendly and sustainable production techniques for enhancing their living-standard and restoring environmental quality.

The National Environment Authority (hereinafter referred to as "ANAM"), in collaboration with JICA, had implemented the Panama Canal Watershed Conservation Project (PROCCAPA), in the upper-part of the western Panama Canal Watershed from October 1, 2000 to September 30, 2005, and has successful experiences on applying participatory community development for the conservation of the natural environment.

Both the conservation of the Panama Canal Watershed and the enhancement of living-standard of people in the area are important issues in terms of the Panama Canal and human security. The implementation of the Project with the experience of PROCCAPA is, therefore, fully justified.

2. Framework of the Project

(1) Title of the Project

The Project for Participatory Community Development and Integrated Management of the Alhajuela Lake Subwatershed

(2) Target area of the Project

Middle and lower watershed of Alhajuela Lake covering 37 communities

(Map of the area and communities name in the area are attached as Appendix 1 and 2)

(3) Target group of the Project

Community members in the target area and ANAM staff

(4) Duration of the Project

2006.XX – 2011.XX (5years)

(5) Project purpose and overall goals

1) Project purpose (to be achieved by the end of the Project)

Sustainable production techniques implemented using environment friendly and participatory methods are practiced by the established group members through extension system of ANAM.

2) Overall goal (to be achieved after 3 -5 years of the project termination)

The environment friendly sustainable production is practiced in middle and lower watershed of Alhajuela Lake.

3) Super goal (final objective of the Project)

The standard of living and environmental quality are improved in the poor communities in eastern side of the Panama Canal Watershed.

(6) Output of the Project

- Output 1 Self-active groups are organized by the participatory manners.
- Output 2 The group members are skilled in environment friendly production techniques.
- Output 3 Farm-use plans that contribute to the territorial ordering of the watershed and the conservation of the Chagres National Park are elaborated and in process of implementation by the members of the groups.
- Output 4 The forest coverage in critical areas and common interest areas are increased by the members of the groups, contributing to soil restoration.
- Output 5 Extension service in line with the needs of community members and the plans for the area is provided by ANAM staff.
- Output 6 The community members are conscious of the importance of the appropriate use of natural resources and environmental conservation in the project area.

The draft Project Design Matrix (PDM) and the draft Plan of Operation (PO) were prepared in consultation with stakeholders, as shown in Appendix 3 and 4. The PDM and the PO will be used as management tools of the Project.

3. Record of Discussions (R/D)

Record of Discussions (R/D) is the official document which defines the contents of a technical cooperation project. The draft R/D was prepared and agreed upon through a series of discussions as shown in Appendix 5.

4. Feed-back from the experiences of PROCCAPA

The Project will be carried out based on the experiences of the Panama Canal Watershed Conservation Project (PROCCAPA). The effective approach developed by PROCCAPA is one of the important issues among various experiences to be fed-back to the Project. The approach is characterized as follows:

- (1) Group organization strategy - establishing groups by community people and mobilizing them as a measure for continuous practice and extension, leading to the empowerment of the community members,
- (2) Establishing trust between community members and project personnel, and
- (3) Focusing on the learning processes.

5. Harmonization with the management plan for the Chagres National Park

As most part of the project area is in the Chagres National Park, the Project will be carried out in harmony with the management plan for the Chagres National Park, which was

approved in April 2005.

6. Management structure of the Project in ANAM

ANAM will assign a project team under the National Directorate of Integrated Watershed Management, and the project team will be the main body to implement the Project. At the same time, Colon Regional Administrator Office and Chagres National Park Office, which have responsibility to the proper environmental management in the project area, will have close relationship and cooperate actively to the Project. The management structure of the Project and the organization of the project team are shown in Appendix 6 and 7.

7. Cooperation with other organizations

In order to achieve the project purpose and secure the sustainability of the project activities, cooperation and mutual coordination with other relevant organizations are very important. The community members may receive technical extension services from the Ministry of Agricultural Development (MIDA). Proper funds to assist the community members for better livelihood are also available from the Panama Canal Authority (ACP), Inter-institutional Commission of the Canal Watershed (CICH), and Fundacion Natura, among others. Therefore, ANAM is required to take the role of facilitator/coordinator for the community members and organizations related to the Project to accomplish the common goals of stakeholders. Furthermore, a joint operation of the Project with other organizations should be very valuable for the future expansion of the project results.

8. Extension system of ANAM

It is necessary for ANAM to explore an extension system and to realize it for both achievement of the overall/super goals, and securing sustainability of the Project. The framework of the planed extension system of ANAM will be reviewed in the course of the project progress.

9. Operational cost of the Project

According to the Japanese technical cooperation policy, operational cost of the Project is to be covered by the Panamanian side. Moreover, from the view point of its sustainability after the project termination, provision of the operational cost is essential for future expansion of the project result. Especially, the initial investment cost necessary to start the group activities is a key for the project operation. In consideration of these issues, JICA is considering transferring its coverage of the project operational cost to the Panamanian side during the course of the Project. It is expected that ANAM will guarantee the development and continuity of the activities once the Project ends. For this purpose, ANAM will take the steps to find the appropriate funds and/or partner(s) before the mid-term evaluation. At that time, ANAM should have total framework of the exit strategy including its extension system will be considered in order to accomplish the overall/super goals. Provisional exit strategy at present is attached in Appendix 8.

10. Project Office

A project office will be provided by ANAM with its own expenses. The office will be located along the Panama-Colon road, where it is convenient for the project activities.

11. Further steps to formalize the Project

- (1) Internal procedure for the final approvals in the Governments (Up to March, 2006)
- (2) Signing of the R/D (April, 2006)
- (3) Submitting A1 form (for experts) and A4 form (for equipment) (May, 2006)
- (4) Commencement of the Project (XX, 2006, provisionally)

List of Appendices

- Appendix 1: Target Area of the Project
- Appendix 2: Communities name in the target area
- Appendix 3: Draft Project Design Matrix (PDM)
- Appendix 4: Draft Plan of Operation (PO)
- Appendix 5: Draft Record of Discussions (R/D)
- Appendix 6: Management structure of the Project
- Appendix 7: Organization of the project team
- Appendix 8: Provisional exit strategy of the Project

No.	Area	Communities	House hold	Population		
				Men	Women	Total
1	1. A orilla de Lago	Parana	13	23	19	42
2	(12 communities)	Victoriano Lorenzo	35	84	61	145
3		Quebrada Tranquilla	32	80	63	143
4		Quebrada San Juan	3	4	2	6
5		Quebrada Benitez	8	18	12	30
6		Quebrada Peña Blanca	14	29	22	51
7		Quebrada Oscura	2	3	1	4
8		El Reporte Viejo	1	0	1	1
9		Quebrada Ancha No2	37	93	52	143
10		Quebrada Mono de Congo	21	56	38	94
11		La Venta	2	3	0	3
12		Nuevo Caimitillo	234	536	471	1007
13	2. Rfo Chico	Quebrada Fea Arriba	1	4	2	6
14	(6 communities)	El Reporte	N.A.	N.A.	N.A.	N.A.
15		Comunidad Embera o Dos Sesenta	16	36	40	76
16		Cabecera de Quebrada Tranquilla	1	5	2	7
17		Cabecera de Quebrada Culebra	1	1	0	1
18		Quebrada Fea	10	17	10	27
19	3. Rfo Las Cascadas	Rio Indio	23	28	12	40
20	4. Rfo Pequení	Quebrada Candido	2	2	0	2
21	(8 communities)	San Francisco	7	17	12	29
22		San Pablo	1	4	0	4
23		San Juan de Pequení	21	53	42	95
24		La Bonga o 260	26	93	79	172
25		Quebrada San Antonio	2	4	2	6
26		La Policia	2	2	1	3
27		Quebrada Soledad	N.A.	N.A.	N.A.	N.A.
28	5. Rfo Boqueron	Boqueron Abajo	50	113	93	206
29	(7 communities)	Peluca	3	8	3	11
30		Boqueron Arriba	37	91	53	144
31		Candelaria Arriba	4	7	6	13
32		Mauro o Santa Librada	6	11	3	14
33		Santa Librada	2	2	6	8
34		La Bandera	2	9	6	15
35	6. Afuera de parque	Salamanquita	75	168	142	310
36	(3 communities)	Salamanca	107	235	217	452
37		Nuevo Vigfa	452	1040	958	1998
Total			1253	2879	2431	5308

Draft Project Design Matrix (PDM)

Version Number: Version 0 (draft)
Date of Preparation : January 25 , 2006

Project Title: The Project for Participatory Community Development and Integrated Management of the Alhajuela Lake Subwatershed

Target Area: Middle and lower watershed of Alhajuela Lake covering 37 communities

Target Group: Community members in the Target Area and ANAM staff

Duration: 2006-XX~2011-XX (5 years)

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>Super Goal The standard of living and environmental quality are improved in the poor communities in eastern side of the Panama Canal Watershed.</p>	<p>1. By year 2020 the population's income level increases with respect to year 2010. 2. By year 2020 the territorial ordering in the Project area, in accordance with the legislation in force, increases by _ % with respect to year 2006.</p>	<p>1. Population census 2. Watershed monitoring reports</p>	<p>-There is no drastic changes in Panama's socio-economic situation.</p>
<p>Overall Goal The environment friendly and sustainable production is practiced in middle and lower watershed of Alhajuela Lake.</p>	<p>1. The number of the community members practicing at least two techniques promoted by the project is increased more than two times from the time of the project termination.</p>	<p>1. Survey, Farm-use plan monitoring report</p>	<p>-There is no drastic change in the rural development policy for the eastern side of the Canal Watershed. -Funds and assistance of other organizations are continually provided in the project area.</p>
<p>Project Purpose Sustainable production techniques implemented using environment friendly and participatory methods are practiced by the established group members through extension system of ANAM.</p>	<p>1. The members of the groups use, as a whole, at least 75% of the techniques promoted by the Project. 2. At the end of the Project ___ % of the groups have a vision of the group's future that incorporates environment friendly techniques.</p>	<p>1. Six-monthly evaluation reports 2. Six-monthly evaluation reports, final evaluation reports</p>	<p>-ANAM continues the extension service.</p>
<p>Output Output 1 Self-active groups are organized by the participatory manners. Output 2 The group members are skilled in environment friendly production techniques.</p>	<p>1-1. By the end of the Project, there are at least 20 groups actively working in activities promoted by the Project. 1-2. By the end of the Project, there are at least 40% of women participating in all the activities of the group. 2-1. By the end of the Project, 80% of the trainees get a satisfactory evaluation because of the knowledge and techniques acquired during the Project. 2-2. By the end of the Project, each group has received 12 trainings on environment friendly production techniques. 2-3. By the end of the Project, the farmers carry out activities of farmer-to-farmer help.</p>	<p>1.1. Six-monthly evaluation reports 1.2. Six-monthly evaluation reports 2.1. Training evaluation reports 2.2. Six-monthly evaluation reports 2.3. Six-monthly evaluation reports</p>	<p>-There is no extreme fluctuations in the price received by farmers when selling their products. -There is no drastic climate changes in the region.</p>
<p>Output 3 Farm-use plans that contribute to the territorial ordering of the watershed and the conservation of the Chagres National Park are elaborated and in process of implementation by the members of the groups. Output 4 The forest coverage in critical areas and common interest areas are increased by the members of the groups, contributing to soil restoration.</p>	<p>3-1. At the end of the Project, at least 80% of the members of the groups have a use plan in agreement with the institutional policies. 3-2. At the end of the Project, at least 80% of the member of the of the groups introduce activities according to the use plan. 4-1. At the end of the Project, at least 90% of the groups have one nursery. 4-2. At the end of the Project, the groups members have planted at least _____ trees per year.</p>	<p>3.1. Six-monthly evaluation reports, Farm-use plan monitoring report 3.2. Six-monthly evaluation reports, Farm-use plan monitoring report 4.1. Six-monthly evaluation reports 4.2. Six-monthly evaluation reports</p>	

<p>Output 5 Extension service in line with the needs of community members and the plans for the area is provided by ANAM staff.</p> <p>Output 6 The community members are conscious of the importance of the appropriate use of natural resources and environmental conservation in the project area.</p>	<p>5-1. By halfway through the Project, there is an extension guidebook. 5-2. At the end of the Project, the members of the groups are satisfied with the extension service 5-3. By the end of the Project the extension system is established and functioning. 6-1. By halfway through the Project, there are materials direct to sensitizing local people on the importance of the use of natural resources and the environmental conservation in the project area. 6-2. At the end of the Project, 80% of the participants in the environmental education activities are conscious of the importance of the use of natural resources and the environmental conservation in the project area.</p>	<p>5.1. Document of the extension guidebook 5.2. Survey 5.3. Document of the Project 6.1. Environmental education materials 6.2. Survey</p>	
<p>Activities 0-1 Hold an induction workshop on the Project for ANAM staff. 0-2 Formulate the annual Plan of Operation. 0-3 Provide the necessary infrastructure. 0-4 Coordinate with other institutions and projects. 0-5 Hold the Joint Coordinating Committee meetings. 0-6 Carry out the monitoring and evaluation. 0-7 Systematize the information and disseminate the results. 1-1 Identify and select the communities. 1-2 Hold promotion meetings. 1-3 Organize or reorganize the groups. 1-4 Establish the place for the development of the group's activities. 1-5 Carry out activities for the strengthening of the groups. 1-6 Apply for the funds and/or assistance of other organizations. 2-1 Conduct field trips to demonstration plots. 2-2 Carry out training on topics of interest related to environment-friendly production techniques. 2-3 Carry out farmer-to-farmer exchange. 2-4 Validate techniques learned in plots established with the group's work and the extension service. 3-1 Carry out market research. 3-2 Carry out trainings on the elaboration of farm-use plans. 3-3 Elaborate the farm-use plan in harmony with the effective registration. 3-4 Implement the farm-use plan with the support of the extension service. 3-5 Monitor the implementation of the farm-use plan. 4-1 Select critical areas and common interest areas to the communities and the Project. 4-2 Carry out training on silviculture. 4-3 Select species to be planted. 4-4 Establish group nurseries. 4-5 Plant the trees in the selected areas. 4-6 Maintain the reforested areas.</p>	<p>Inputs by the Panamanian Side - Personnel * Project Director * Project Manager * Heads of Section (Participatory development, Extension service, Administration) * Extensionists (4) * Administrative and supporting staff (6) * Other necessary personnel - Land, Building and Facilities * Project office * Office equipment and furniture * Fuel * Others - Running Expenses Budget * Annual budget</p>	<p>Inputs by the Japanese Side - Personnel * Chief advisor * Extension * Participatory development * Coordinator * Other experts in specific fields - Provision of the Equipment * Vehicle(s) * Boat(s) * Other necessary equipment - Training of Counterpart Personnel</p>	<p>- There is no serious unpredictable conflicts among community members in the selected communities.</p>

<p>.....</p> <p>5-1 Design an extension system with consideration of the role of ANAM.</p> <p>5-2 Elaborate a training plan for ANAM staff involved, which meet the beneficiaries' needs.</p> <p>5-3 Implement the theory-practice training plan.</p> <p>5-4 Elaborate an action plan for the extension service.</p> <p>5-5 Provide the extension service to community members.</p> <p>5-6 Exchange techniques with other projects.</p> <p>5-7 Elaborate an extension guidebook.</p> <p>5-8 Establish the extension system.</p> <p>.....</p> <p>6-1 Elaborate an action plan for environmental education.</p> <p>6-2 Prepare and/or procure materials for environmental education.</p> <p>6-3 Implement the action plan for environmental education.</p> <p>6-4 Facilitate the establishment of areas for the development of environmental education activities.</p> <p>6-5 Monitor the implementation of the action plan for environmental education and feed back the result.</p>			<p>Pre-Condition -The ways to access the selected communities stay in adequate conditions.</p>
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Draft Plan of Operation (PO)

Appendix 4

Activities	Intended results	Calendar year					Persons in charge	Coordination	Inputs/Observations
		2006	2007	2008	2009	2010			
		Cooperation period							
0.1 Hold an induction workshop on the project for ANAM staff.							Project Manager, Administrator	In charge of Section	
0.2 Formulate the annual Plan of Operation.							Project Manager, Administrator	In charge of Section	
0.3 Provide the necessary infrastructure.							Project Manager, Administrator		
0.4 Coordinate with other institutions and projects.							Project Manager, Administrator	Projects and Institutions	
0.5 Hold the Joint Coordinating Committee meetings.							Project Manager, Administrator	ANAM and JICA	
0.6 Carry out the monitoring and evaluation.							Project Manager, Administrator		
0.7 Systematize the information and disseminate the results.							Project Manager, Administrator	Section,	
1 Self-active groups are organized by the participatory manners.									
1.1 Identify and select the communities.							Participatory Development	Groups	
1.2 Hold promotion meetings.							Participatory Development	Groups	
1.3 Organize or reorganize the groups.							Participatory Development	Groups	
1.4 Establish the place for the development of the group's activities.							Participatory Development	Groups	
1.5 Carry out activities for the strengthening of the groups.							Participatory Development	Groups	
1.6 Apply for the funds and/or assistance of other organizations.							Participatory Development	Groups	
2 The group members are skilled in environmental friendly production techniques.									
2.1 Conduct field trips to demonstration plots.							Extension Staff	Groups	
2.2 Carry out training on topics of interest related to environment-friendly production techniques.							Extension Staff	Groups	
2.3 Carry out farmer-to-farmer exchange.							Extension Staff	Groups	
2.4 Validate techniques learned in plots established with the group's work and the extension service.							Extension Staff	Groups	
3 Farm-use plans that contribute to the territorial ordering of the watershed and the conservation of the Chagres National Park are elaborated and in process of implementation by the members of the groups.									

5.8	Establish the extension system.								Participatory Development, Extension Staff	Environment Culture Promotion
6 The community members are conscious of the importance of the appropriate use of natural resources and environmental conservation in the project area.										
6.1	Elaborate an action plan for environmental education.								Participatory Development	
6.2	Prepare and/or procure materials for environmental education.								Participatory Development	
6.3	Implement the action plan for environmental education.								Participatory Development	
6.4	Facilitate the establishment of areas for the development of environmental education activities.								Participatory Development	
6.5	Monitor the implementation of the action plan for environmental education and feed back the result.								Participatory Development	

<Draft>
RECORD OF DISCUSSIONS
BETWEEN
JAPAN INTERNATIONAL COOPERATION AGENCY
AND
AUTHORITIES CONCERNED OF THE GOVERNMENT OF
THE REPUBLIC OF PANAMA
ON JAPANESE TECHNICAL COOPERATION
FOR THE PROJECT FOR
PARTICIPATORY COMMUNITY DEVELOPMENT AND INTEGRATED
MANAGEMENT OF THE ALHAJUELA LAKE SUBWATERSHED


With regard to the Minutes of Meetings between the Preparatory Study Team and the Government of the Republic of Panama dated on January 25, 2006, Japan International Cooperation Agency (hereinafter referred to as "JICA") had a series of discussions, through the Resident Representative of JICA in the Republic of Panama with the Panamanian authorities concerned on desirable measures to be taken by JICA and the Government of the Republic of Panama for the successful implementation of the Project for Participatory Community Development and Integrated Management of the Alhajuela Lake Subwatershed.

As a result of the discussions, JICA and the relevant Panamanian authorities concerned agreed to recommend to their respective Governments the matters referred to in the document attached hereto.

Done in duplicate in Spanish and English languages, each text being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

Panama city, , 2006

Mr. Naoki Kai
Resident Representative
Panama Office
Japan International Cooperation Agency



Ms. Ligia Castro de Doens
General Administrator
National Environment Authority
Republic of Panama

Cooperating agencies (If necessary):

THE ATTACHED DOCUMENT

I. COOPERATION BETWEEN JICA AND THE GOVERNMENT OF THE REPUBLIC OF PANAMA

1. The Government of the Republic of Panama will implement the Project for Participatory Community Development and Integrated Management of the Alhajuela Lake Subwatershed (hereinafter referred to as "the Project") in cooperation with JICA.
2. The Project will be implemented in accordance with the Master Plan which is given in Annex I.

II. MEASURES TO BE TAKEN BY JICA

In accordance with the laws and regulations in force in Japan, JICA will take, at its own expense, the following measures according to the normal procedures of its technical cooperation scheme.

1. DISPATCH OF JAPANESE EXPERTS
JICA will provide the services of the Japanese experts as listed in Annex II.
2. PROVISION OF MACHINERY AND EQUIPMENT
JICA will provide such machinery, equipment and other materials (hereinafter referred to as "the Equipment") necessary for the implementation of the Project as listed in Annex III. The Equipment will become the property of the Government of the Republic of Panama upon being delivered C.I.F. (cost, insurance and freight) to the Panamanian authorities concerned at the ports and/or airports of disembarkation.
3. TRAINING OF PANAMANIAN PERSONNEL IN JAPAN
JICA will receive the Panamanian personnel connected with the Project for technical training in Japan.

III. MEASURES TO BE TAKEN BY THE GOVERNMENT OF THE REPUBLIC OF PANAMA

1. The Government of the Republic of Panama will take the necessary measures to keep operating, in a self-reliant manner, the actions and activities realized by the Project, during and after the period of Japanese technical cooperation, through the full commitment and active participation by all related authorities, beneficiary groups and institutions.
2. The Government of the Republic of Panama will ensure that the technologies and knowledge acquired by the Panamanian nationals as a result of Japanese technical cooperation will contribute to the economic and social development of the Republic of Panama.
3. The Government of the Republic of Panama will grant in the Republic of Panama, privileges, exemptions and benefits as listed in Annex IV and will grant privileges, exemptions and benefits no less favorable than those granted to experts of third countries or international organizations performing similar missions to the Japanese experts referred to in II-1 above and their families.
4. The Government of the Republic of Panama will ensure that the Equipment referred to in II-2 above will be utilized effectively for the implementation of the Project in consultation with the Japanese experts referred to in Annex II.
5. The Government of the Republic of Panama will take necessary measures to ensure that the knowledge and experience acquired by the Panamanian personnel from technical training in Japan will be utilized effectively in the implementation of the Project.
6. In accordance with the laws and regulations in force in the Republic of Panama, the Government of the Republic of Panama will take necessary measures to provide at its own expenses:
 - (1) Services of the Panamanian counterpart personnel and administrative

- personnel as listed in Annex V;
- (2) Land, buildings and facilities as listed in Annex VI;
 - (3) Supply and replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the Equipment provided through JICA under II-2 above; and
 - (4) Means of transport and travel allowances for the Japanese experts for official travel within the Republic of Panama.
7. In accordance with the laws and regulations in force in the Republic of Panama, the Government of the Republic of Panama will take necessary measures to meet:
- (1) Expenses necessary for transportation within the Republic of Panama of the Equipment referred to in II-2 above as well as for the installation, operation and maintenance thereof;
 - (2) Customs duties, internal taxes and any other charges, imposed in the Republic of Panama on the Equipment referred to in II-2 above; and
 - (3) Running expenses necessary for the implementation of the Project.

IV. ADMINISTRATION OF THE PROJECT

1. The National Director of Integrated Watershed Management, National Environment Authority (hereinafter referred to as "ANAM"), as the Project Director, will bear overall responsibility for the administration and implementation of the Project.
2. The Project Manager, will be responsible for the managerial and technical matters of the Project.
3. The Japanese Chief Advisor will provide necessary recommendations and advice to the Project Director and the Project Manager on any matters pertaining to the implementation of the Project.

4. The Japanese experts will give necessary technical guidance and advice to the Panamanian counterpart personnel on technical matters pertaining to the implementation of the Project.
5. For the effective and successful implementation of technical cooperation for the Project, a Joint Coordinating Committee will be established whose functions and composition are described in Annex VII.

V. JOINT EVALUATION

Evaluation of the Project will be conducted jointly by JICA and the Panamanian authorities concerned, at the middle and during the last six months of the cooperation term in order to examine the level of achievement.

VI. CLAIMS AGAINST JAPANESE EXPERTS

The Government of the Republic of Panama undertakes to bear claims, if any arises, against the Japanese experts engaged in technical cooperation for the Project resulting from, occurring in the course of, or otherwise connected with the discharge of their official functions in the Republic of Panama except for those arising from the willful misconduct or gross negligence of the Japanese experts.

VII. MUTUAL CONSULTATION

There will be mutual consultation between JICA and the Government of the Republic of Panama on any major issues arising from, or in connection with this Attached Document.

VIII. MEASURES TO PROMOTE UNDERSTANDING OF AND SUPPORT FOR THE PROJECT

For the purpose of promoting support for the Project among Panamanian people, the Government of the Republic of Panama will take appropriate measures to make the Project widely known among Panamanian people.

IX. TERM OF COOPERATION

The duration of the technical cooperation for the Project under this Attached Document will be five (5) years from XX 2006.

- ANNEX I MASTER PLAN
- ANNEX II LIST OF JAPANESE EXPERTS
- ANNEX III LIST OF MACHINERY AND EQUIPMENT
- ANNEX IV PRIVILEGES, EXEMPTIONS AND BENEFITS FOR JAPANESE EXPERTS
- ANNEX V LIST OF PANAMANIAN COUNTERPART AND ADMINISTRATIVE PERSONNEL
- ANNEX VI LIST OF LAND, BUILDINGS AND FACILITIES
- ANNEX VII JOINT COORDINATING COMMITTEE

1. Project Title

Project for Participatory Community Development and Integrated Management of the Alhajuela Lake Subwatershed

2. Project Purpose

Sustainable production techniques implemented using environment friendly and participatory methods are practiced by the established group members through extension system of ANAM.

3. Overall Goal

The environment friendly sustainable and production is practiced in middle and lower watershed of Alhajuela Lake.

4. Super Goal

The standard of living and environmental quality are improved in the poor communities in eastern side of the Panama Canal Watershed.

5. Output of the Project

Output 1 Self-active groups are organized by the participatory manners.

Output 2 The group members are skilled in environment friendly production techniques.

Output 3 Farm-use plans that contribute to the territorial ordering of the watershed and the conservation of the Chagres National Park are elaborated and in process of implementation by the members of the groups.

Output 4 The forest coverage in critical areas and common interest areas are increased by the members of the groups, contributing to soil restoration.

Output 5 Extension service in line with the needs of community members and the plans for the area is provided by ANAM staff.

Output 6 The community members are conscious of the importance of the appropriate use of natural resources and environmental conservation in the project area.

6. Activities

0-1 Hold an induction workshop on the Project for ANAM staff.

0-2 Formulate the annual Plan of Operation.

0-3 Provide the necessary infrastructure.

- 0-4 Coordinate with other institutions and projects.
 - 0-5 Hold the Joint Coordinating Committee meetings.
 - 0-6 Carry out the monitoring and evaluation.
 - 0-7 Systematize the information and disseminate the results.
-
- 1-1 Identify and select the communities.
 - 1-2 Hold promotion meetings.
 - 1-3 Organize or reorganize the groups.
 - 1-4 Establish the place for the development of the group's activities.
 - 1-5 Carry out activities for the strengthening of the groups.
 - 1-6 Apply for the funds and/or assistance of other organizations.
-
- 2-1 Conduct field trips to demonstration plots.
 - 2-2 Carry out training on topics of interest related to environment friendly production techniques.
 - 2-3 Carry out farmer-to-farmer exchange.
 - 2-4 Validate techniques learned in plots established with the group's work and the extension service.
-
- 3-1 Carry out market research.
 - 3-2 Carry out trainings on the elaboration of farm-use plans.
 - 3-3 Elaborate the farm-use plan in harmony with the effective legislation.
 - 3-4 Implement the farm-use plan with the support of the extension service.
 - 3-5 Monitor the implementation of the farm-use plan.
-
- 4-1 Select critical areas and common interest areas to the communities and the Project.
 - 4-2 Carry out training on silviculture.
 - 4-3 Select species to be planted.
 - 4-4 Establish group nurseries.
 - 4-5 Plant the trees in the selected areas.
 - 4-6 Maintain the reforested areas.
-
- 5-1 Design an extension system with consideration of the role of ANAM.
 - 5-2 Elaborate a training plan for ANAM staff involved, which meet the beneficiaries' needs.
 - 5-3 Implement the theory-practice training plan.
 - 5-4 Elaborate an action plan for the extension service.

5-5 Provide the extension service to community members.

5-6 Exchange techniques with other projects.

5-7 Elaborate an extension guidebook.

5-8 Establish the extension system.

6-1 Elaborate an action plan for environmental education.

6-2 Prepare and/or procure materials for environmental education.

6-3 Implement the action plan for environmental education.

6-4 Facilitate the establishment of areas for the development of environmental education activities.

6-5 Monitor the implementation of the action plan for environmental education and feed back the result.

ANNEX II LIST OF JAPANESE EXPERTS

The project experts, who will be in charge of the following fields, will be dispatched:

1. Chief advisor
2. Extension
3. Participatory development
4. Coordinator
5. Other experts in specific fields (e.g. Agro-forestry, Gender, Organic farming, Tropical fruits cultivation, and Marketing) would be dispatched if necessary upon mutual agreement.

Note : Chief advisor and/or Coordinator may serve concurrently as one of the sectoral experts.

ANNEX III LIST OF MACHINERY AND EQUIPMENT

Part of machinery and equipment necessary for the effective implementation of the Project will be provided by the Japanese side within the budget allocated for technical cooperation.

1. Vehicle(s)
2. Boat(s)
3. Other necessary equipment

Note : The equipment will be provided by mutual agreement.

ANNEX IV PRIVILEGES, EXEMPTIONS AND BENEFITS FOR JAPANESE EXPERTS

1. Exemption from income tax and other charges of any kind imposed on or in connection with the living allowances remitted from abroad for the experts.
2. Exemption from import and export duties and any other charges imposed on personal and household effects of the experts and their families.
3. Use of all of its available resources to provide medical and other necessary assistance to the experts and their families.
4. Issue of visas for the experts and their families free of charge upon application.
5. Issue of identification cards to the experts and their families to secure the cooperation of all government organizations necessary for the performance of the duties of the experts.
6. Exemption from customs duties for import and export of machinery and equipment by the experts in connection with the Project activities.

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ANNEX V LIST OF PANAMANIAN COUNTERPART AND ADMINISTRATIVE PERSONNEL

1. Counterpart personnel

- (1) Project Director
National Director of Integrated Watershed Management, ANAM
- (2) Project Manager
- (3) Counterpart personnel in the following field
 - 1) Participatory development
 - 2) Extension
 - 3) Other technical personnel when necessity arises

2. Administrative personnel

- (1) Administrator
- (2) Computer technician
- (3) Secretary
- (4) Other supporting staff necessary for the project implementation (e.g. driver / boat operator, watchman)

ANNEX VI LIST OF LAND, BUILDINGS AND FACILITIES

The following will be provided by the Government of the Republic of Panama for the implementation of the Project;

1. Equipment and Materials

- (1) Office equipment
- (2) Office furniture
- (3) Fuel
- (4) Other necessary materials

2. Land and Facility

- (1) Facility for project office
- (2) Other necessary land and facilities for the implementation of the Project

ANNEX VII JOINT COORDINATING COMMITTEE

1. Function

The Joint Coordinating Committee (JCC) will meet at least once a year or whenever necessity arises. The main functions of JCC are:

- (1) To examine and approve the Annual Plan of Operation to be formulated by the Project in accordance with the Record of Discussions;
- (2) To review the overall progress of the Project and activities carried out under the above-mentioned Annual Plan of Operation in particular;
- (3) To review and exchange views on major issues arising from or in concerning the Project and recommend corrective measures; and
- (4) To facilitate coordination with other relevant authorities.

2. Composition

(1) Chairperson:

General Administrator of ANAM

(2) Panamanian Side:

- 1) National Director of Integrated Watershed Management, as the Project Director
- 2) National Director of Protected Area and Wildlife
- 3) National Director of Environmental Culture Promotion
- 4) Head of Technical Cooperation
- 5) Director of Administration and Finance
- 6) Director of Planning and Environmental Policies
- 7) Colon Regional Administrator
- 8) Director of the Chagres National Park
- 9) Project Manager
- 10) Representative of the International Technical Cooperation Department, Ministry of Economy and Finance
- 11) Representative of the Ministry of Agricultural Development (MIDA)
- 12) Representative of the Panama Canal Authority (ACP)
- 13) Representative of the Inter-institutional Commission of the Canal Watershed (CICH)
- 14) Representative of the Fundacion Natura
- 15) Representative of Association of Micro, Small and Medium Enterprise (AMPYME)
- 16) Representative of the Panamanian Autonomous Cooperative Institute (IPACOOB)
- 17) Representative of the National Vocational Training Institute (INAFORP)
- 18) Counterparts designated by the Project Director

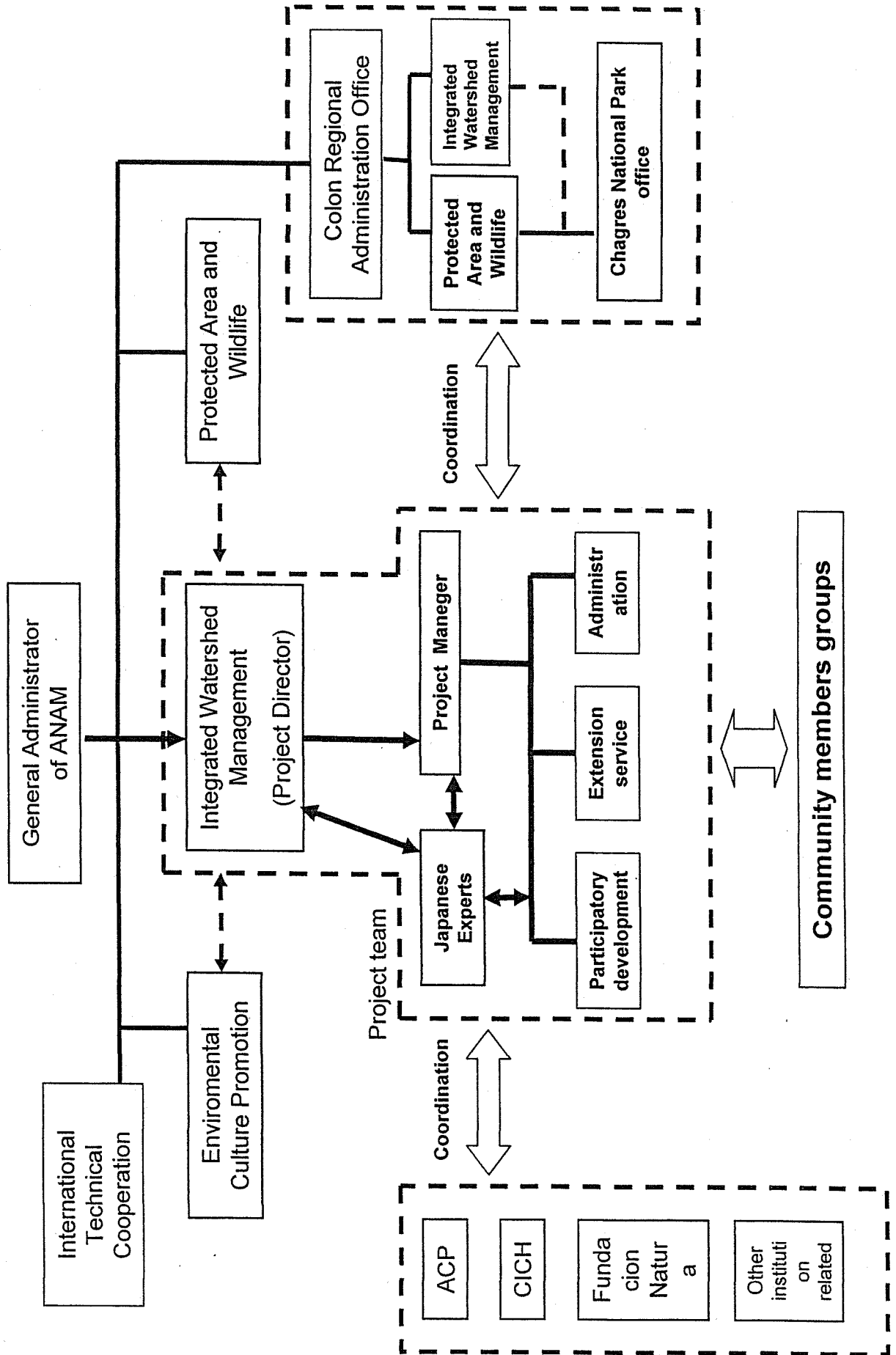
(3) Japanese side:

- 1) Chief Advisor
- 2) Coordinator
- 3) Expert(s) designated by the Chief Advisor
- 4) Additional personnel to be dispatched by JICA, if necessary
- 5) Representative of JICA Panama Office

Note: Official(s) of the Embassy of Japan may attend the JCC as an observer(s).
Chairperson can request and admit attendance of other relevant personnel.

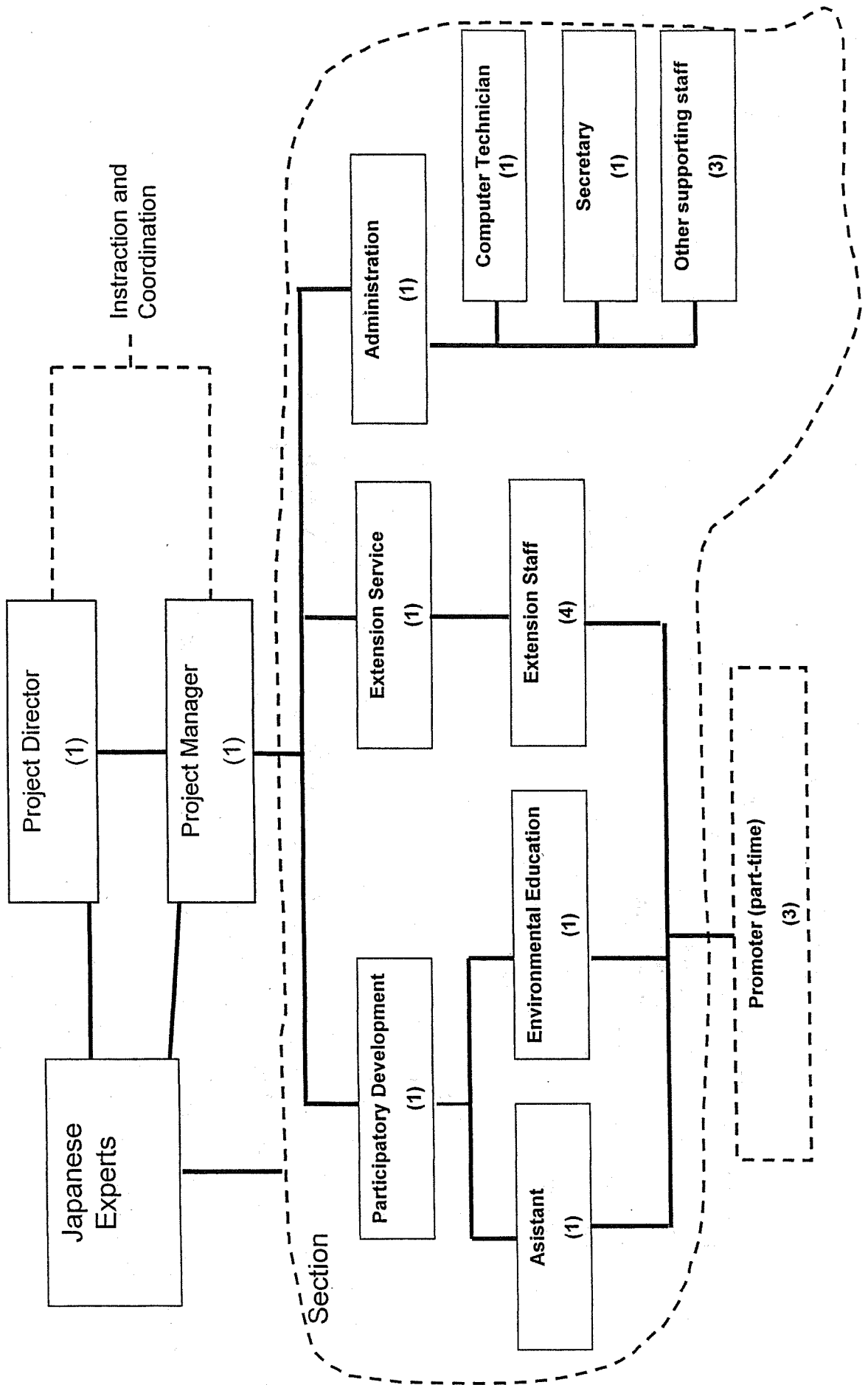
Management Structure of the Project

Appendix 6



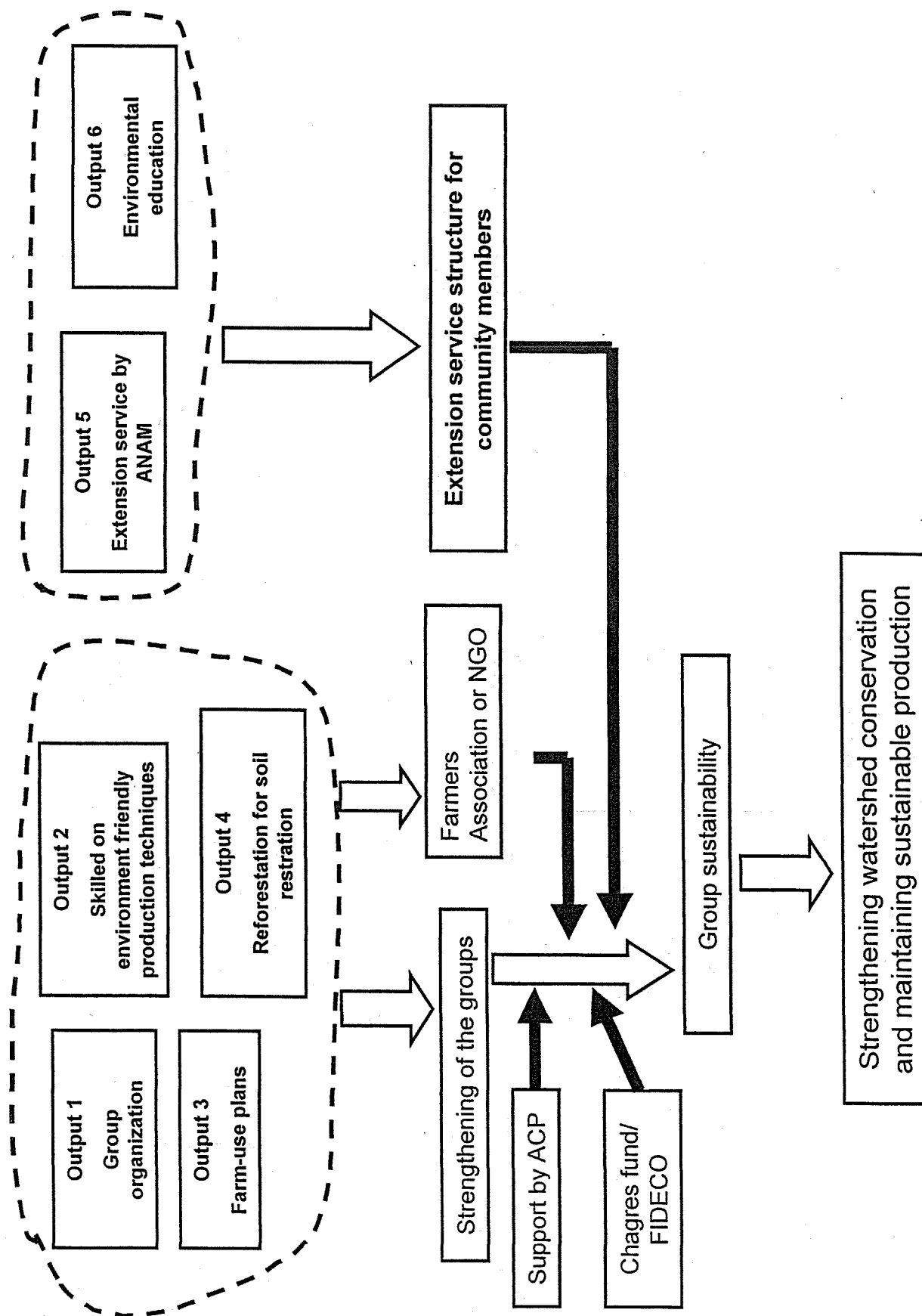
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Organization of the Project Team



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Provisional exit strategy of the Project



Kidlet