



Customizing Economic Inclusion to Cultural Contexts

Enhancing the productive capacities of Indigenous Peoples in Panama

SUMMARY

In the past two decades, Panama has experienced one of the highest economic growth rates in the region. Growth has been mostly inclusive, with declines in income inequality and overall poverty rates as well as a growing middle class. However, this growth masks extreme inequality and staggering poverty rates among the country's Indigenous Peoples.

The Government of Panama is working diligently on tackling these inequalities, with a focus on social protection programming as one of the main tools to overcome the inequities facing the Indigenous Peoples. Recently, the Ministry of Social Development (MIDES) introduced *Cohesión Social* – a productive inclusion intervention with the support of the World Bank and the Partnership for Economic Inclusion (PEI).

The program aims at increasing the productive capacities of Indigenous populations and generating sustainable incomes, by providing a combination of training, technical assistance, and asset transfer over the course of two years, implemented through a partnership with the Food and Agriculture Organization of the United Nations (FAO).

PEI provided critical technical assistance in the design and implementation of *Cohesión Social*. This included supporting knowledge-gathering through South–South exchanges and an impact evaluation to improve program design for the benefit of the extreme poor in Indigenous territories.

The uniqueness of this program lies in its ability to show quick results and high satisfaction rates among Indigenous Peoples, and one of the main reasons for this is the degree of customization and cultural adaptation that has been necessary for working with the Indigenous Peoples. It evolved through consultation with the local community and the inclusion of native techniques and customs throughout implementation. The lessons learned will provide valuable insights for the design and implementation of interventions operating within culturally specific contexts that require special attention and adaptations to local customs and beliefs – which are necessary for the success of any intervention.

Panama has witnessed strong economic growth in recent years, well above the regional average in Latin America. Between 2014 and 2019, Panama's gross domestic product grew at an average rate of 4.6 percent, making it the fastest-growing economy in the region over the past two decades. Growth was driven primarily by the transport and communications sectors, followed by construction and mining. This growth helped Panama's income per capita converge with that of developed countries.

“This is the first time I am participating in a project like this.

It is a new experience through which I have learned many things that I did not know before.

The project gave us the possibility to study and supported our work by giving seeds and chickens as well.

The new harvest will help us to sell the products, and to consume at home. I hope that other beneficiaries are encouraged to participate, as they will learn new things.

Santa Gimenez, beneficiary of the Cohesión Social program of MIDES, Panama

Although poverty reduction was achieved, some critical gaps remain. Over the past two decades, growth has been accompanied by declines in income inequality and poverty, and a rise of the middle class. There has been major progress on poverty reduction, with poverty rates dropping from 35.5 percent in 2000 to 14.1 percent in 2017. However, Panama still lags behind on social inclusion, especially for minorities, and on education, health, and gender equality.

Despite progress on poverty reduction, sharp regional disparities persist, especially in rural areas and among Indigenous Peoples. Panama's progress towards reducing inequality has been relatively slow and remains a major challenge. In 2019, rural poverty surpassed 30 percent, with poverty among Indigenous Peoples reaching as high as 45 percent. Almost all inhabitants in the indigenous territories are poor (98.4 percent), with most of the population lacking food security and access to basic services. The Human Development Index shows that the Indigenous territories of Kuna Yala, Emberá Wounaan, and Ngäbe Buglé have the lowest levels of human development in Panama.



Farmer Field Schools

Photo: World Bank

COVID-19 had a disproportionate impact on the poor, especially marginalized populations. The pandemic led to a 2.7 percentage-point increase in poverty rates in Panama, with informal workers not covered by regular social safety nets suffering the most. Although urban areas are more exposed to the COVID-19 crisis, rural areas were also affected, because of the prevalence of informal workers in these areas, especially in Indigenous territories. The sectors most affected by COVID-19 include tourism, construction, logistics, and commerce, which indirectly employ 70 percent of the Indigenous Peoples.

STRONG COMMITMENT BY THE GOVERNMENT OF PANAMA TO IMPROVING THE WELLBEING OF ITS CITIZENS, PARTICULARLY VULNERABLE GROUPS

The Government has adopted an ambitious plan to fight poverty and inequality in Panama.

El Plan Colmena, “The Beehive Plan,” is a territorial strategy that aims to improve the lives of 777,000 citizens living in multidimensional poverty in 300 administrative districts. The plan empowers local government and technical boards with help from civil society to improve public services and provide employment to lift people out of poverty.

“ I consumed, I sold, I received money and I had an experience that I hadn't had.

Heladia Arcia González

A wide range of social protection programs implemented by the Government played an important role in poverty reduction. While growth has played a significant role in reducing poverty at a national level, poverty reduction in rural areas has been driven primarily by social assistance programs. The Ministry of Social Development (MIDES) is the key player in delivering a range of social protection programs, including the productive inclusion program, Redes Territoriales (RT), targeted to non-indigenous rural areas, and the conditional cash transfer program, Red de Oportunidades (RO), which supports poor families mostly in rural areas around Panama.

DEVELOPING CUSTOMIZED AND CULTURALLY TAILORED APPROACHES FOR THE ECONOMIC INCLUSION OF INDIGENOUS PEOPLES

MIDES created the *Cohesión Social* program as a pilot that sought to sustainably increase the income of Indigenous Peoples. Beneficiaries of the pilot were farming households that were already part of the conditional cash transfer program RO living in Ngäbe Buglé Indigenous territory and Emberá-Wounaan Indigenous territory. The aim of *Cohesión Social* was to complement social assistance programs with a culturally adapted productive inclusion intervention that could provide Indigenous Peoples with access to income-generating opportunities. The program – implemented by the Food and Agriculture Organization (FAO) – provided the Indigenous Peoples with training, asset transfers and technical assistance to increase their income and food security.



Heladia Arcia González, a farmer from the Ngäbe-Buglé indigenous region

Photo: FAO

The World Bank is responding to the Government's interest in expanding existing social assistance programs to provide productive pathways, especially for Indigenous groups. As one of three pillars for the World Bank engagement in Panama, the Country Partnership Framework (CPF) ensures inclusion and opportunity for marginalized and Indigenous groups. The World Bank team supported MIDES in increasing the overall efficiency of its social protection systems through the **Strengthening Social Protection and Inclusion System Project.**



Indigenous people in Panama

Photo: World Bank

Launched in 2015, the project aimed to improve the performance and enhance the harmonization of MIDES cash transfer programs, including supporting critical livelihoods opportunities to improve productivity, and ultimately income.

Improving the lives of Indigenous Peoples requires special attention to accommodate their cultural norms and traditions as an integral part of project design and implementation. The World Bank team worked on tailoring the pilot to respect the customs and accommodate the needs of Indigenous Peoples. Important adaptations included recruiting local staff who spoke the local language, working with local organic fertilizers and native production techniques, and using a bundle of assets delivered to the local community that were adequate to the cultural environment.

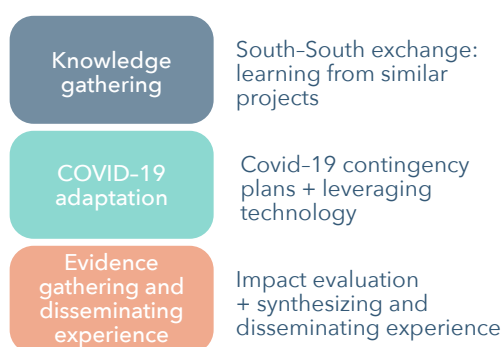
Cohesión Social leveraged partnerships on different levels capitalizing on a wide range of experiences

FAO - main implementing partner. The pilot enhanced MIDES capacity by utilizing FAO expertise in delivering economic inclusion projects, specifically through its internationally recognized Farmer Field School (FFS) methodology. The FFS methodology is a field-based hands-on group learning approach in which participants learn how to improve skills through observing, analyzing, and trying out new ideas.

Local communities. The local communities in target districts played an active role in outreach, monitoring, and managing the program. Community members and beneficiaries signed a free, prior, and informed consent agreement that verified that a consent process had been carried out and an agreement had been reached after discussing and clarifying all doubts and non-negotiable issues the community might have.

Ministry of Agriculture. The Ministry was a critical partner in the pilot, supporting MIDES in the implementation of the agricultural activities of the program by providing support and technical assistance to the FFSs. This collaboration was very important to achieve results that were aligned with the objectives of the sector.

The World Bank team, supported by PEI, worked with MIDES to improve the Cohesión Social program through a series of innovations. In collaboration with PEI, the World Bank team supported the design and implementation of the *Cohesión Social* program through knowledge exchanges, initial diagnoses, and data collection support, which helped the program scale up to reach around 3,000 beneficiaries within the Indigenous territories.



1. Knowledge-gathering. PEI facilitated a South–South exchange with relevant regional projects implementing economic inclusion programs in similar settings. Programs from Peru and Colombia that also integrated cultural adaptations relevant to Indigenous Peoples shared specific challenges and solutions that were applicable for the program in Panama. The exchange also covered the different implementation models for productive inclusion, the division of responsibilities between central units and local teams, and how to customize interventions to the specific characteristics of target populations.

2. COVID-19 adaptation. The onset of the pandemic occurred during the launch of the pilot program, which had a significant impact on implementation. PEI supported MIDES in adapting the operations to continue its engagement safely during the pandemic through:

- a. Developing **COVID-19 contingency plans** and revising the main implementation modality of the intervention in close coordination with the local communities. The plans involved reducing the FFS cohort size from around 35 to 12–15, in addition to following Panama’s and the local community’s hygienic protocols.
- b. **Leveraging digitization.** PEI supported the development of an app specifically designed for the productive inclusion intervention and linked with the MIDES management information system. The app helped MIDES in streamlining eligibility checks, monitoring assistance activities, and simplifying results collection. This eased the implementation and monitoring of the intervention, especially during the pandemic.

Evidence-gathering. Implementing an impact evaluation for the pilot was necessary to provide important evidence to support the adoption of future production inclusion programming within MIDES. PEI supported the World Bank team in designing and implementing an impact evaluation with information from treatment and control groups after the pilot. The evaluation measured beneficiaries’ use of good agricultural and live-stock practices, risk behavior, food security, and economic wellbeing, among other indicators.

Synthesizing and disseminating experience. The project team will reflect on the experience of implementing the pilot through FAO and will produce a recommendation document with a comparative analysis of the different implementation models of *RT* (implemented by MIDES) and *Cohesión Social* (implemented by FAO). This document will capture the lessons learned and provide recommendations regarding the sustainable implementation of economic inclusion programs.

Throughout the preparation for and implementation of *Cohesión Social*, significant lessons were learned, which will facilitate the adoption of future economic inclusion programming in Panama.

Some of the lessons learned so far relate to:

- **Customizing for Indigenous Peoples.** One of the main success factors of the productive inclusion intervention is attributed to early adaptations in the process of consultation and the inclusion of traditional agricultural techniques. The Government and World Bank teams worked with the local community to validate beneficiary selection, program delivery, and logistical details around land access before the start of activities. The consensus reached was then outlined in the free, prior, and informed consent agreement that was signed by community members as a guarantee that their perspectives would be considered.
- **The importance of leveraging international best practices.** Leveraging the hands-on experience of similar projects operating in equivalent contexts provided crucial insights about the benefits and challenges of different approaches.
- **The ability to quickly adapt activities based on new findings and changing circumstances.** The project implemented two pilots, learning significantly from each round, and integrating lessons learned during implementation. This flexibility helped the project team quickly respond to the disruptions brought forth by COVID-19 and adjust accordingly to ensure the continuation of activities.
- **Utilizing digital technology.** The app developed in response to COVID-19 will be key in speeding up the process of identification of beneficiaries at the local level, and it will increase the ability of MIDES to follow up and supervise the implementation of the intervention. Social workers will be able to use the app in the field, which will facilitate the eligibility checks conducted and will simplify many processes that are usually time- and effort-consuming. The aim is that MIDES will continue using this app with future contracting partners after the project ends.

This brief utilizes the definition of **economic inclusion** programs as a multidimensional set of “bundled interventions” that support households and communities to increase their incomes and assets. These interventions are sometimes referred to as productive inclusion, graduation, or community-driven development programs. Common interventions include a combination of cash or in-kind transfers; skills training or coaching; access to finance; and linkages to market support.

The Partnership for Economic Inclusion (PEI) is a global partnership helping governments develop, implement, and scale economic inclusion programs to sustainably increase the income, assets, and economic resilience of extreme poor and vulnerable people. The work is guided by the Sustainable Development Goal to “end poverty in all its forms everywhere by 2030.” The PEI network includes national governments, policymakers, development partners, and non-governmental and research organizations. It is hosted by the Social Protection and Jobs Global Practice at the World Bank and PEI receives funding through a Multi-Donor Trust Fund administered by the World Bank.