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MULTILATERAL INVESTMENT FUND

**PANAMA**

**DIGITAL TRANSFORMATION OF INDIGENOUS-LED ECOTOURISM  
AND CONSERVATION**

**(PN-T1276)**

**DONORS MEMORANDUM**

This document was prepared by the project team comprised of: Nicole Orillac (DIS/LAB CPN) and Dora Moscoso (DIS/LAB), co-team leaders, Ana Grigera (SCL/GDI), Rogerio Basso (BID Invest/INO/SMC), Denise Bonome (DIS/LAB), Samantha Todd (DSP/DVF) and Daisy Ramírez (FML/LAB). Peer reviewers IDB Lab: Andrés Rubio (DIS/LAB), Gladis Gomez (INV/CHO), Fernando Campero (MIF/MSM), Tetsuro Narita (LAB/INV).

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## **CONTENTS**

I. Problem	2
A. Problem Description	2
II. The Innovation Proposal	6
A. Project Description	6
B. Project Results, Measurement, Monitoring and Evaluation	14
III. Alignment with IDB Group, Scaling and Risks	16
C. Scalability	16
D. Project and Institutional Risks	18
V. Executing Agency (EA) and Implementation Structure	19
A. Executing Agency(s) Description	19
B. Implementation Structure and Mechanism	20
VI. Compliance with Milestones and Special Fiduciary Arrangements	20
VII. Information Disclosure and Intellectual Property	21

**PROJECT SUMMARY**  
**PANAMA**  
**DIGITAL TRANSFORMATION OF INDIGENOUS-LED ECOTOURISM AND CONSERVATION**  
**(PN-T1276)**

Panama is implementing a renewed vision for the country to be recognized as a world-class tourist destination. Panama's Tourism Authority has launched the “Plan Maestro de Turismo Sostenible 2020-2025” to strengthen tourism as a strategic economic sector, while preserving the natural and cultural resources, and improving the interrelationship between the environment and the local communities who inhabit the destinations.

An integral part of the ecotourism experience in Panama are its local indigenous communities who host tourists to give them an insight into their culture and daily lives surrounded by the diverse flora and fauna that the country has to offer. These communities face several market-competitiveness challenges such as insufficient ecotourism offer, lack of competitive online presence, and limited access to financial services in rural areas, which must be addressed to remain competitive.

The **project's objective** is to support 2,400 beneficiaries (520 direct and 1,880 indirect) from indigenous communities to meet post-COVID-19 market demand through improved market offer, digital transformation of their ecotourism operations and financial inclusion. As the travel industry undergoes everlasting changes, the project aims to support 17 communities that act as tour operators, so they are equipped to thrive in this new environment.

The project will offer an opportunity to indigenous communities to further develop and **transform their ecotourism products** while protecting them and tourists from the spread of COVID-19. It will also allow community tour operators to better run their business operations and easily **connect with online distribution channels** through Puente, a software specifically built for small tour operators and easily managed from a cell phone. Puente is a low-tech option that can function on slow connections and requires less data, which is critical for remote communities to connect with the tourism demand especially in the post-COVID-19 context that has changed how people travel. In addition, the project will integrate a **financial inclusion** component through the adoption of *Cajas Rurales*, a model of community-owned banks that has proven successful in Panama, which allows communities to access financial products and open a bank account to receive online payments from tourism bookings.

The Executing Agency is Global Brigades Foundation of Panama, but the project also features a unique partnership involving the participation of three organizations with focused expertise in the challenges described and the targeted communities. Keteka LLC, Native Future and FUNDEPW will complement each other to reach the project's objectives.

The project will contribute to close persistent inequality gaps through a diversity and inclusion approach aiming to reduce the economic vulnerability of the participant indigenous communities. It will support income growth and improved livelihoods, through a three-pronged model to provide communities with: (i) online presence to increase tour bookings, (ii) access to financial products for business development, productive and income generating activities, and online transactions; and, (iii) enhanced ecotourism offer to reinforce conservation efforts and protect wildlife.

This project is one of the eight applications selected through the Beyond Tourism Challenge, launched by IDB Lab in partnership with the United Nations World Tourism Organization in June 2020 to support the revitalization of the tourism sector in C&D and S&I countries.

## **ANNEXES**

ANNEX I	Results Matrix
ANNEX II	Budget Summary
ANNEX III	iDELTA

## **APPENDICES**

Draft Resolution

## **AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF MIF PROJECT INFORMATION SYSTEM**

ANNEX IV	Detailed Budget
ANNEX V	Diagnostic of Integrity and Institutional Capacity (DICI)
ANNEX VI	Reporting Requirements and Compliance with Milestones and Fiduciary Arrangements
ANNEX VII	<a href="#">Design Sprint Co-creation process with partners</a> (i.e., <a href="#">Empathy Map</a> , Problem Tree, etc.)

## ACRONYMS AND ABBREVIATIONS

<b>ATP</b>	Autoridad de Turismo de Panamá
<b>APTSO</b>	Fundación Panameña de Turismo Sostenible
<b>DICI</b>	Diagnostic of Integrity and Institutional Capacity
<b>FUNDEPW</b>	Fundación para el Desarrollo del Pueblo Wounaan
<b>GB or Global Brigades</b>	Global Brigades Foundation of Panama
<b>IDB</b>	Inter-American Development Bank
<b>IDB Lab</b>	Innovation Laboratory of the IDB Group
<b>LAC</b>	Latin America and the Caribbean
<b>POS</b>	Point of Sale
<b>TIES</b>	The International Ecotourism Society
<b>TTCI</b>	Travel & Tourism Competitiveness Index
<b>UNDP</b>	United Nations Development Program
<b>WEF</b>	World Economic Forum
<b>Wi-Fi</b>	Wireless Fidelity

## PROJECT INFORMATION

### PANAMA

#### DIGITAL TRANSFORMATION OF INDIGENOUS-LED ECOTOURISM AND CONSERVATION (PN-T1276)

<b>Country and Geographic Location:</b>	Panama. Indigenous communities with nascent ecotourism activities digitally disconnected from market demand. The project will start in three Wounaan communities located in Rio Hondo, Platanares and Puerto Lara to then expand in the Darien province and other interested communities within the Global Brigades network of <i>Cajas Rurales</i> with presence in C. Ngäbe Buglé, Veraguas and Coclé.		
<b>Executing Agency:</b>	Global Brigades Foundation of Panama		
<b>Focus Area:</b>	Climate-Smart Agriculture, subarea of Natural Capital for Regeneration and Sustainability		
<b>Coordination with Other Donors/Bank Operations:</b>	The project complements the following Bank Operations: i) PN-T1188, which will support the ATP efforts in strengthening the indigenous tourism sector in the Comarca of Gunayala by supporting Guna tourism activities; and, ii) PN-L1154, which contributes to the urban and socioeconomic development of Small and Intermediate Cities with a Tourist Vocation in Panama and which targets semi-urban cities, two of which are access hubs for tourism offerings in indigenous comarcas.		
<b>Project Beneficiaries:</b>	A total of 2,400 beneficiaries (520 direct and 1,880 indirect). Direct beneficiaries are individuals receiving capacity building and access to finance. Indirect beneficiaries are household members who are part of the target communities who act as tour operators.		
<b>Financing:</b>	Technical Cooperation:	US\$ 500,000	50%
	<b>TOTAL BID LAB FUNDING:</b>	US\$ 500,000	
	Counterpart:	US\$ 500,000	50%
	<b>TOTAL PROJECT BUDGET:</b>	US\$ 1,000,000	100%
<b>Execution and Disbursement Period:</b>	36 months of execution and 42 months of disbursement.		
<b>Special Contractual Conditions:</b>	Special conditions precedent to first disbursement will be: signed Partnership Agreement between the Executing Agency, Global Brigades, and the three main strategic partners, Keteka LLC, Native Future, FUNDEPW, including: i) the partners' commitment to disburse the Counterpart Resources pursuant to the Budget, ii) a provision allowing Global Brigades to use the Puente Software during the term of the Project.		
<b>Environmental and Social Impact Review</b>	This operation was screened and classified as required by the IDB's safeguard policy (OP-703) on February 9, 2021. Given the limited impacts and risks, the proposed category for the project is C.		
<b>Unit responsible for disbursement</b>	Country Office in Panama (CPN)		

## I. Problem

### A. Problem Description

- 1.1 **Context:** According to the World Travel and Tourism Council, in 2019 the contribution of the tourism sector to the global GDP was US\$8.9 trillion (10.3% of global GDP). The Travel and Tourism sector also enables job creation. The sector, which already supports one in every ten jobs on the planet and has accounted for one in five of all jobs created across the world over the past five years, is regarded as a dynamic engine of employment opportunities<sup>1</sup>. In Panama, the sector represents 13.6% of GDP and 14.7% of the overall employment<sup>2</sup>.
- 1.2 During the last five years Panama did not experience the tourism expansion that occurred at a global level. While the sector grew worldwide, the World Economic Forum (WEF)'s Travel & Tourism Competitiveness Index (TTCI), which benchmarks the competitiveness of the tourism sector in 140 economies and measures the set of factors and policies that enable the sustainable development of the travel and tourism sector, ranked the competitiveness of Panama's tourism sector 65th out of a total of 140 countries, which represents a deterioration from 2015-2016 when Panama ranked 50th<sup>3</sup>. This loss was attributed to limited tourism market intelligence data to design strategies and develop products based on the actual needs of the market<sup>4</sup>.
- 1.3 Local tourism authorities are implementing a renewed vision for Panama to be recognized as a world-class tourist destination. Among other initiatives<sup>5</sup> Panama's Tourism Authority (ATP, acronym in Spanish) has launched the "*Plan Maestro de Turismo Sostenible 2020-2025*". The mission of the Plan is to strengthen tourism as a strategic economic sector, while preserving the country's natural and cultural resources<sup>6</sup>. In line with the sustainable tourism trend, the Plan also envisions an improved interrelationship between the environment and the local communities who inhabit the destinations.
- 1.4 There is a global movement that responds to an urge for experiential travel to seek a deeper connection with nature and culture. The International Ecotourism Society (TIES) defines ecotourism as "responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education". Ecotourism aims to minimize the impact on the environment and boost employment and

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<sup>1</sup> WTTC. Economic Impact Report. June, 2020.

<sup>2</sup> WTTC, Database, May 2020. Travel and tourism data.

<sup>3</sup> [http://www3.weforum.org/docs/gcr/2015-2016/Global\\_Competitiveness\\_Report\\_2015-2016.pdf](http://www3.weforum.org/docs/gcr/2015-2016/Global_Competitiveness_Report_2015-2016.pdf)

<sup>4</sup> The Travel & Tourism Competitiveness Report, 2019. Geneva, Switzerland, 2019.

<sup>5</sup> The Ministry of the Environment of Panama and the Tourism Authority of Panama (ATP), with the support of the IDB, signed the cooperation agreement for the project "Incorporation of biodiversity conservation through low-impact ecotourism in the National System of Areas Protected (ECOTUR-AP)". Within this initiative, in 2015 the Action Plan for Tourism in Protected Areas was approved. Likewise, the IDB project of "Integral Urban Development of Cities with a Tourist Vocation" will contribute to urban and socioeconomic development Master Plan for Sustainable Tourism Development of Panama Update 2020-2025. Likewise, the IDB has approved a line of financing for the conservation and management of cultural and natural heritage.

<sup>6</sup> The mission is also aligned to [SDG](#) target 11.4 "Strengthen efforts to protect and safeguard the world's cultural and natural heritage".

financial opportunities for local communities, while encouraging environmental conservation. Panama's abundance of natural resources and multitude of destinations recognized as historic and cultural heritage offer ample ecotourism experiences.

- 1.5 An integral part of the ecotourism experience in Panama are its local indigenous communities. Community-based tourism, where local communities host tourists to give them an insight into their culture and daily lives surrounded by the diverse flora and fauna is yet another competitive advantage that Panama has to offer. For instance, Panama is considered an ideal bird watching destination because of its biodiversity: the country supports 1,009 species of birds and 107 of them are endemic to Panama<sup>7</sup>.
- 1.6 According to Panama's XI National Population and VII Housing Census of May, 2010, 12.3% of the total population belonged to one of seven indigenous ethnic groups<sup>8</sup>. It is estimated that the majority of the population living in the indigenous Comarcas of Ngäbe Buglé (82%), Embera Wounaan (63%) and Guna Yala (74%) are considered poor and vulnerable<sup>9</sup>. The public investment in indigenous territories compared to other provinces is very low and their economic activity only represents 0.5% of the country's GDP. For indigenous communities, most of the economically active population work in the primary sector (90% of the Ngobe and 53% in the Guna Yala, and 65% Embera Wounaan), and their income is low<sup>10</sup>.
- 1.7 The project will focus on indigenous communities with nascent ecotourism activities digitally disconnected from market demand. The project will start supporting three Wounaan communities located in Rio Hondo, Platanares and Puerto Lara in Darien province to then expand selected activities in years 2 and 3 to other interested communities within the Global Brigades network of *Cajas Rurales* currently in Darien, Comarca Ngäbe Buglé, Veraguas and Coclé provinces.
- 1.8 The principal economic activities in the three initial Wounaan communities are subsistence farming on small plots of land, artisanal fishing, production of handicrafts, and in Puerto Lara, tourism (mainly, cultural and ecotourism). The three communities have access to water through rural aqueducts<sup>11</sup>, have health posts or health assistants on site, and access to electricity from the network or using solar panels. Puerto Lara has both cell phone signal and connection to the Pan-American Road, while the other two communities are accessible by boat through the mangroves<sup>12</sup> (part of the ecotourism potential) and cell

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<sup>7</sup> Autoridad de Turismo de Panamá, Plan Maestro de Turismo Sostenible, 2020 - 2025.

<sup>8</sup> Contraloría general de la República de Panamá, XI Censo nacional de población y VII de vivienda, 2010.

<sup>9</sup> IDB: MINERPA Report - Pobreza General por Provincias

<sup>10</sup> A rapid analysis of demand and supply made by the World Bank in 2016 in relation to support needed for the economic empowerment of indigenous women in Panama showed that indigenous producers face multiple barriers to increase income and grow their production capacity. The main barriers fall into: (i) the lack of self-esteem and cultural support systems to carry out economic activities; (ii) lack of knowledge, access or ability to penetrate markets; (iii) the physical and dispersed isolation of their communities and lack of key infrastructure to support production and sales to markets (such as electricity, roads, infrastructure to store and keep goods cold, etc.); (iv) lack of access to the banking system or seed capital; and (v) access to technical assistance for planning, business management, managing and saving money, and improving product quality, among others.

<sup>11</sup> <https://pitip-pdipindigenas.opendata.arcgis.com/app/fd202e9eb8084300aee02a98274e7b73>

<sup>12</sup> A road construction is in process and the Wounaan Cacique estimates it could be completed in 2022.

phone signal is available 15 minutes outside of the community. None of these communities are in the “do not travel” areas defined by the US Government Travel Advisory for Darien.<sup>13</sup> The communities are represented by their nationally elected authorities of the Wounaan National Congress (Congreso Nacional del Pueblo Wounaan), the Cacique (Chief) and President, and by their locally elected officials, the community Dirigente (Manager) and their Junta Local (Community Council). These leaders take decisions on behalf of the communities to ensure their welfare. In recent years, these communities have developed an interest in strengthening their capacities to offer tourism products to become better recognized tourist destinations. However, to remain competitive, meet new trends in market demand, and become less vulnerable (**see Beneficiaries [Empathy Map](#)**), these communities must address several challenges that have been amplified by the COVID-19 pandemic, which are detailed below.

- 1.9 **Insufficient ecotourism offer.** In 2016, 16 million wildlife watchers in the United States traveled away from their home around the globe to observe wild birds<sup>14</sup>. Panama is considered an ideal destination for birdwatching<sup>15</sup>. Half of all of Panama’s bird species can be found in east Panama and Darien Provinces, within which the project’s target communities are located. Viewing Panama’s flora and fauna, especially birds like the Harpy Eagle, is a major attraction of the ecotourism industry of Darien, Panama. As a relatively new ecotour experience, the communities and guides have been working to overcome several barriers, such as learning to meet customer service standards, mastering the English language to communicate with travelers, managing all aspects of their businesses, and learning how to market their tours.
- 1.10 Prior to the pandemic, local tourist operators in Puerto Lara were developing their capacity to guide birdwatchers, receive eco-tourists, and provide ethno-tourism experiences, including selling handcrafted art and souvenirs. The COVID-19 pandemic interrupted ecotourism development in the target communities and tourism in Panama ground to a halt, especially to remote indigenous communities who have had to close their borders and self-quarantine to control infection rates. COVID-19 has placed further demands on ecotourism businesses and their value chains in these communities as they must now adapt to more stringent health and safety standards and develop competitive new products that will minimize the risk spreading the virus to tourists and indigenous communities alike.
- 1.11 **Lack of competitive online presence:** The vast majority (about 82%<sup>16</sup>) of small, rural tour operators in Panama currently do not have a competitive online presence, cannot receive online payments, and are not a good fit for large online travel agencies whose policies do not have the flexibility to accommodate them. As a result, many of them receive tourists through partnerships with larger tour operators, who keep a significant portion of

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<sup>13</sup> <https://travel.state.gov/content/travel/en/traveladvisories/traveladvisories/panama-travel-advisory.html>

<sup>14</sup> U.S. Department of the Interior, U.S. Fish and Wildlife Service, and U.S. Department of Commerce, U.S. Census Bureau. 2016 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation.

<sup>15</sup> Autoridad de Turismo de Panamá, Plan Maestro de Turismo Sostenible, 2020 - 2025.

<sup>16</sup> According to a survey of 240 tour operators in Latin America conducted by Keteka in 2019.

the revenue. Alternatively, rural tour operators can receive walk-in and referral customers, which can make planning a challenge for tour operators.

- 1.12 In both cases, cash is currently the only way that the target communities can receive payment for tourism activities, as they do not have bank accounts connected to online payment processors (e.g. Stripe), or point of sale (POS) systems that can capture credit card payments in person. In 2020, only 7%<sup>17</sup> of travelers booked their lodging in person once they arrived at the destination and there is widespread industry consensus that travelers will less and less “just show up” to a destination. They will thoroughly research online and be assured that they will be safe during their tour and in the local lodgings. Travelers will also expect to be able to pay without handling cash, which will also be safer for the local operators.
- 1.13 The target communities in this project have varying degrees of connectivity, ranging from extremely limited data access to reliable data access with limited Wi-Fi access, which makes it difficult for them to run a business that receives online bookings. Online travel agencies (OTAs) and other online booking portals are responsible for most of the demand for tours and activities in the world, and that demand is spread across several major companies (TripAdvisor/Viator, GetYourGuide, Airbnb Experiences), medium sized regional companies, and small local companies. To sell well on these platforms, it is necessary to have a smooth and consistent connection with them and the customers that they provide. The easiest way to connect to multiple platforms at once is by using a booking software, yet only an estimated 18% of tour operators in Latin America use booking software to run their operations and manage their bookings<sup>18</sup>, and this percentage rarely includes small, rural tour operators like the ones targeted in this project. Furthermore, ripping the benefits of access to a booking software implies having the corresponding know-how and developing a proper customer service model to interact with clients.
- 1.14 **Limited access to financial services:** According to World Bank data<sup>19</sup>, in Panama, less than 40% of the population aged 15 and over in rural areas have a bank account, and this figure is even lower, at 33%, for the poorest 40%. Data suggests that more than one third of the population do not have an account because financial services are too expensive and another 18% do not have an account because the financial institutions are too far away. Access to credit is similarly constrained: while 28% of the rural population aged 15 and over borrowed money in the past year, less than 8% borrowed from a financial institution (only 23% and 4%, respectively, for the poorest 40% of the population). Very few indigenous households and business owners have access to formal or informal credit and are mostly not creditworthy for standard financial instruments<sup>20</sup>. According to data

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<sup>17</sup> According to a Booking.com survey conducted in late 2020

<sup>18</sup> According to a Keteka survey of 315 tour operators in Latin America

<sup>19</sup> [World Bank data](#)

<sup>20</sup> Global Brigades baseline survey in Puerto Lara in 2016, when asked if someone from the family had a loan before, all 77 households interviewed responded they had never had a loan before. When asked if they knew where to get a loan, 18 people indicated that in commercial banks, credit unions and a local middleman’s credit. 16 responded they didn’t know.

from a UNDP study in 2016<sup>21</sup> of 4,866 agricultural producers who received credits in the country, only 53 belonged to indigenous peoples (2 producers from Comarca Guna Yala, 3 from Comarca Emberá Wounaan and 48 from Comarca Ngäbe Buglé). During the formation of the Caja Rural in the Wounaan community of Puerto Lara, Global Brigades' baseline survey revealed that the interest rate charged by local middlemen for lending was 10% to 20% monthly making it very difficult or even impossible to pay such high interest rates.

- 1.15 Financial literacy is essential to ensure that individuals can make informed financial choices for themselves, their households, and their businesses. Despite the importance of financial literacy, Standard & Poor's Ratings Services 2014 Global Financial Literacy Survey showed that only 27% of Panamanians are considered financially literate. The report also notes that women and low-income populations typically have lower financial literacy due to inequality in areas such as education, highlighting the need to ensure that financial literacy is accessible to all segments of the population.
- 1.16 The lack<sup>22</sup> of access to financial services, capital, and financial literacy education act as barriers to economic growth for families and their small businesses. These barriers combined with other obstacles such as high-interest rates from the few local available options that provide financing, inability to negotiate better prices with exploitative intermediaries, volatile agricultural conditions that prevent farmers to access adequate and on-time loans, and geographical isolation limits the arrival of traditional banking services, often leaving families marginalized from financial opportunities.

## II. The Innovation Proposal

### A. Project Description

- 2.1 The **project's objective** is to support indigenous communities to meet post-COVID-19 market demand through digital transformation<sup>23</sup> of their ecotourism operations, financial inclusion, and improved market offer. As the travel industry undergoes everlasting changes, the project aims to support some of the most vulnerable operators in one of the destinations in the world with great ecotourism potential, so that they are equipped to thrive in this new environment. The project aims to contribute to the competitiveness of the ecotourism sector by developing the communities' ecotourism attractions, incorporating digital marketing and sales channels to reach travelers, enabling digital payments for services, and facilitating access to rural savings and credit products to support business activities.

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<sup>21</sup> [Diagnóstico de Situación de las Mujeres Indígenas de Panamá](#)

<sup>22</sup> Access to finance is the ability of individuals or enterprises to obtain financial services, including credit, deposit, payment, insurance, and other risk management services. Those who involuntarily have no or only limited access to financial services are referred to as the unbanked or underbanked, respectively.

<sup>23</sup> Digital Transformation is the integration of digital technology in all areas of a company or organization, changing fundamentally the way it operates and delivers value. It involves a cultural change that requires organizations continually challenge the status quo, experiment and feel comfortable with the failure (Mara Balestrini 2020)

- 2.2 The proposed solution is a three-pronged model targeting indigenous communities to develop: (i) new and improved ecotourism experiences to meet post-COVID-19 market demand<sup>24</sup>; (ii) a competitive online presence with the aid of a newly developed software for small tour operators called Puente that will give them direct access to the world's travelers (an access that they do not currently have) that works according to their terms, and providing the ability to receive online payments; and, (iii) the capacity of members of *Cajas Rurales* to manage their own economic needs through responsible access to credit, savings, and business management, and of small businesses to engage viable solutions to improve their sales.
- 2.3 Two successful examples of using this three-pronged model include The Oreba Chocolate Tour in Bocas del Toro, Panama, and the Uyuni Salt Flats in Bolivia. In the case of Oreba, the community worked with the Peace Corps to create: (i) an ecotour that aided with eco and ethno conservation efforts; (ii) a savings and community reinvestment plan for the tourism revenue run by a local coop; and, (iii) a [competitive online presence](#) and relationships with local businesses (e.g., hotels, stores) throughout Panama<sup>25</sup>. In the case of the Uyuni Salt Flats, the government created legislation that required tours to operate through community-owned hostels and employ community members as guides, drivers, and cooks. Local operators created their own online presence at first and then leveraged it up through the large travel platforms and the destination grew from obscure to being one of the most demanded destinations in the region. In 2011, the Salt Flats [received tens of thousands of visitors](#); in 2017, it received [hundreds of thousands](#), and the vast majority of the revenue [goes to local communities](#).
- 2.4 As per the community model of *Cajas Rurales*, Global Brigades has successfully created 48 *Cajas* in the past 5 years in Panama (22 of these have been formed in the past two months in response to communities' demand). Global Brigades acts as a facilitator of financial inclusion hence, it does not grant loans or manage deposits. *Cajas'* community members manage their own funds under limited liability companies with their corresponding bank accounts to self-finance business activities and community development projects. The average membership is 20 people with 80% women members. The average number of loans was 344 with an average of \$389 per loan. In December 2020, the loan portfolio was \$161,663 and a total of \$87,362 on 1,050 personal savings accounts. There is an average of \$10,656 invested in capital for lending in each *Caja Rural*.
- 2.5 **The number of beneficiaries for the project is 2,400 community members (520 direct beneficiaries and 1,880 indirect beneficiaries)** in the indigenous communities targeted by the project. In year 1, the project will reach 150 direct beneficiaries and 450 indirect beneficiaries in Wounaan communities located in Rio Hondo, Platanares, and Puerto Lara. In year two and three, the project will reach 10 and 12 new community tour operations

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<sup>24</sup> The scope of the improved ecotourism offer will cover primarily three Wounaan communities located in Rio Hondo, Platanares and Puerto Lara.

<sup>25</sup> According to TripAdvisor, Oreba is the #1 ranked tour in Bocas del Toro, with 225 reviews and a 5/5 rating. In the tourism space, that is one of the strongest third-part validation a tour can get.

respectively with specific activities<sup>26</sup> to support their digital transformation. These will be communities that already have a *Caja Rural* with a bank account as a precondition to receive online payments and that already have tourism operations. There will be approximately 170 direct beneficiaries in year two and 650 indirect beneficiaries. There will be approximately 200 direct beneficiaries and 780 indirect beneficiaries in year three. The assumption is that 17 people per community tour operation will be direct beneficiaries and there will be 3-4 indirect beneficiaries per direct beneficiary.

- 2.6 The communities for years 2 and 3 of the projects are to be determined, but the executing partner agencies are engaged in discussions with the ATP, who has already created a circuit of 15 indigenous communities as part of an “Indigenous Tourism Route” throughout the country. The ATP is one of the strategic partners of the project who will be informed regularly of the progress achieved during project implementation to ensure coordination and promotion of project activities. Additionally, the implementing agencies are exploring a potential partnership with the organizations APTSO and Planeterra, who are identifying 10 communities in Panama who are “tourism ready.” The ATP and APTSO communities are ones that already have an established tourism product; additionally, some already have *Cajas Rurales*.
- 2.7 **Direct vs Indirect beneficiaries:** In community tourism operations, there is generally an impact multiplier effect as the families of the people directly involved with the tourism operation tend to get involved and benefit from the tourism. For example, Maria is part of the tourism committee (community tour operator) and cooks for the travelers as part of the tour package, so she attends the trainings conducted by the project. When the community has tourists, she gets paid for her work as a cook. She benefits directly from both the project activities and the payments from tourism operations. Her sister and her husband help her in the kitchen when she cooks for tourists and her brother helps her get the ingredients, so she shares her income from tourism with them. While they do not receive direct training from the project, they get indirect training via their experience cooking for and helping to serve tourists. They also get indirect financial benefit via Maria’s payment. In this example then, there is one direct beneficiary and three indirect beneficiaries. Based on Keteka’s and Native Future’s experience with community tour operators, there are generally about 3-4 of these indirect beneficiaries per direct beneficiary (see Empathy Map on project’s Technical Files).
- 2.8 **Long term success of the ecotourism operations depends on tourists being able to book and pay for experiences.** The ability for rural tour operators to connect to online marketplaces to reach tourists has become ever more crucial. **Puente is a software** developed by Keteka that allows tour operators to run their business operations and easily connect with existing travel platforms (e.g., TripAdvisor, Keteka.com, etc.) which are the industry’s distribution channels. Most existing tour operator softwares are built for large tour operators in North America or Europe, but Puente is built specifically for small tour operators in the LAC region. It is designed to be extremely simple to use, usable in

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<sup>26</sup> Activities of component 2 that will be scaled in years 2 and 3 with project resources as per budget lines: 1.3 improve tour operators connectivity with provision of cell phones, 1.4 digital business community training, 1.5 establish online payment system, 1.6 optimization of digital presence

Spanish, and easy to manage from a cell phone. The system can integrate with WhatsApp to manage bookings and providers can use it for commercial exchanges with partners or marketplaces beyond the Keteka.com platform (e.g., TripAdvisor, etc.). This is important because many small tour operators manage most of their communications with customers and industry partners via WhatsApp. Puente's Minimum Viable Product<sup>27</sup> is complete and will be ready for pilot users when the project begins. The proposed application for this existing technology can have a significant impact in the way indigenous communities participate in the tourism industry given that providing low-tech options that can function on slow connections and require less data is critical to achieve inclusion especially in the post-COVID era. Also, Puente enables the integration of existing online payment platforms which has an important impact on the finances of tour operators (opening the possibility for example of charging up front partial payments to finance tour preparation) and improving the customer experience.

- 2.9 **The project will offer an opportunity to three Wounaan indigenous communities to further develop and transform their ecotourism products while protecting the communities and visitors from the spread of COVID-19.** Birdwatching, a nascent activity in the target communities, already lends itself to a socially distanced ecotourism experience and engages tourists in digital platforms that verify and record their sightings, such as E-bird. The project will help communities to adapt their services to post-COVID-19 expectations and enhance tourist experiences with technologies such as wildlife-cams, interactive maps, and apps that lead tourists along ethno-ornithological tours. These guided and self-guided tours will connect visitors to the sustainable products Wounaan already produce, such as woven palm fiber baskets and vegetable ivory (tagua) carvings depicting the birds and animals the tourists encountered. Traditional services such as boat tours and guided bird walks will be enhanced by digital applications that connect tourists seamlessly with their guides to personalize the experience before arrival.
- 2.10 **Finally, the project solution is integrating a financial education and inclusion component through local *Cajas Rurales*,** a model of community-owned banks that has proven successful in Panama<sup>28</sup>. The project will enable the creation in two Wounaan communities<sup>29</sup> of these sustainable local organizations (*Cajas Rurales*) owned and operated by trained local leaders that are shareholders and receive dividends of the operation every year. Community banks provide its members access to savings, loans, financial literacy, and crucial to this project, the ability to open a bank account to receive online payments. Savings demonstrates the value of longer-term horizons, goal setting, provides for a safety net, and capitalizes local banks with funds available for entrepreneurs to take loans or create micro-enterprises. Access to loans, business development training and financial literacy courses allow communities to further grow their businesses.

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<sup>27</sup> Minimum viable product (MVP) is a version of a product with just enough features to be usable by early customers who can then provide feedback for future product development.

<sup>28</sup> Forty-eight (48) Cajas Rurales are in operation in Panama where 28 are in the Darien province where the project will be implemented and 18 operated by indigenous communities at national level. Global Brigades has a target of reaching 150 Cajas Rurales by 2021 and 300 by 2022.

<sup>29</sup> Rio Hondo and Platanares. Puerto Lara has an existing Caja Rural.

- 2.11 The project features a **unique partnership** involving the participation of three organisations, each with focused expertise in one of the three main challenges that must be addressed for the communities to become competitive. The three organizations, Global Brigades, Keteka and Native Future (together with the FUNDEPW), will complement each other to reach the project's objectives. Each of these partners have multiple years of experience working with proven methodologies in the target region.
- 2.12 **Innovation.** The innovation of this proposal is focused on enabling the digital transformation of indigenous-led ecotourism operations and financial access for one of the most vulnerable groups in Panama, indigenous communities, with a three-pronged model. Many community tourism initiatives never get much traction because they address one of the three challenges identified in this proposal (digital transformation, indigenous-led ecotourism, and conservation, microlending and savings). Furthermore, an important innovation will be piloting the Puente software to achieve adoption by indigenous communities through a participatory approach to take the software to the next version of development and validate the solution. Puente was specifically designed to bridge developing market tourism providers (local tour guides, communities) with distributors considering the connectivity challenges and looking for a fairer business for the tourism providers. Finally, it is worth highlighting the integration of technologies to enhance tourists' experiences as listed in paragraph 2.9.
- 2.13 **Gender inclusion.** Women occupy significant roles in community ecotourism activities in Wounaan communities: they are artisans, dancers, birdwatchers guides and provide their culinary services to the visiting tourists. In the three target communities, prior to the COVID-19 pandemic, they made up 66% of all active artisans<sup>30</sup> and Wounaan cultural dances are principally led by women. In Puerto Lara, an all-women bird club is watching birdlife around their homes and participating in bird counts and festivities. In the case of *Cajas Rurales*, women are encouraged and supported to take leadership positions (80% of the 1,084 members across Panama are women and 30 were selected for the president position). Within the board members at national level, there are 126 women out of 192 positions. In fact, the *Cajas Rurales* model goes beyond financial inclusion of women, contributing to their personal development goals, such as continuing their education<sup>31</sup> and a greater appreciation of women in the community and within their families. It empowers them and fosters the creation and better management of micro-enterprises.
- 2.14 According to the World Bank<sup>32</sup>, Indigenous women seek more comprehensive or integral economic empowerment interventions to address self-confidence, psychological, social, and cultural barriers that are part of their own self-vision and reinforced by their families, communities, and ongoing discrimination. Access to finance, capital and basic financial training are required to enable them to meet personal and family needs or to build their

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<sup>30</sup> Native Future/FUNDEPW survey of 179 households in Puerto Lara, Rio Hondo and Platanares, August 2019.

<sup>31</sup> Women participants in the bird identification and guide training explain they see them as an opportunity to continue their education, which was often cut short by the time they were 15, and to teach their children.

<sup>32</sup> World Bank Group, UFGE Grants in Latin America and the Caribbean report on Economic Empowerment of Indigenous Women in Panama.

own productive activities. Likewise, **indigenous entrepreneurs** desire support to improve products and services, build connections and improve penetration of markets.

- 2.15 **IDB Lab non-financial additionality.** IDB Lab will contribute its knowledge and expertise regarding financial inclusion, digital transformation, and ethical and responsible use of technology, among others. For the digital payments' aspect of financial inclusion, IDB Lab will facilitate connections to FinTechs in the region and connect to projects such as Kingo Energy in Guatemala to share lessons learned of selling electricity credit in rural communities using the more affordable GPRS<sup>33</sup> mobile data standard for connectivity. The Digital Transformation component of this project already incorporates specialized know-how from Mara Balestrini, a consultant expert on the matter hired by IDB Lab, who provided recommendations on the hardware, data, adoption, scalability, and sustainability dimensions, and will be available for future consultation. Finally, IDB Lab will link the project partners to [fAIR LAC](#) to exchange lessons learned on the ethical and responsible use of technology.
- 2.16 **Component I: Digital transformation to establish digital presence and connection to the tourism market (US\$128,046, Counterpart US\$214,650).** The objective of this component is to establish an online presence for local community operators and enable them to market and sell products through digital channels, capturing more ecotourism demand. This will be accomplished by first improving tour operators' connectivity and then assisting them in creating and optimizing an online presence with the use of the new software Puente, which was developed by Keteka to meet the needs of small tour operators in LAC. Non-digital connectivity will also be accomplished by establishing partnerships with local stakeholders in the supply value chain who can support tourist arrivals to these remote locations. Finally, online payment options will be implemented for businesses with bank accounts in the *Cajas Rurales* and a digital Customer Service model will be developed.
- 2.17 The expected activities of the component are: (i) solar panels, cell phones, portable WiFi and other communication equipment provided to tour operators; (ii) training on customer service, online marketing basics, and web presence management combining direct training with a "train the trainer" model<sup>34</sup>; (iii) optimization of digital presence by supporting community operators with their connection to online distribution platforms, creation of their own web presence, and search engine optimization (SEO); (iv) research and implementation of a suitable online payment system; (v) development and implementation of a customer service model taking into account current behaviors and options for periodic connectivity/data access; and, (vi) establishing non-digital connectivity through partnerships with hotels, transportation operators, and travel agencies.

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<sup>33</sup> General Packet Radio Service (GPRS) is a packet oriented mobile data standard on the 2G and 3G cellular communication networks. GPRS is typically sold according to the total volume of data transferred during the billing cycle, in contrast with circuit switched data, which is usually billed per minute of connection time, or sometimes by one-third minute increments.

<sup>34</sup> The training related to Keteka for tour operators also includes understanding why and how they can input manually information into Puente (i.e. non-digital bookings).

- 2.18 The expected outputs of this component are: (i) 25 community tourism operations actively using Puente with at least one search optimized tour page on Keteka; (ii) 100 individuals who have received digital training (customer service, marketing, web presence); (iii) 100 connections with online distribution platforms managed through Puente; (iv) 28 portable wifi and other communication devices provided to tourism operators (communities); (v) 75 ongoing partnerships with key supply chain actors established; and, (vi) toolkit documenting implementation process to systematize learnings.
- 2.19 **User privacy and digital design:** Keteka will train beneficiaries in the basics of [GDPR compliance](#) to ensure user privacy is protected. Keteka will also help beneficiaries follow the [Principles for Digital Development](#).
- 2.20 **Component II: New and improved Indigeneous-led Ecotourism and Conservation products (IDB Lab US\$102,800 Counterpart US\$128,710).** The objective of this component is to resume developing the capacity of the three Indigenous communities to guide birdwatchers, develop COVID-19 sensitive ecotourism services, enhance tourist experiences through the integration of technology, develop and sell ethnotourism products, monitor and protect their natural assets and come to agreement on community rules for equitable ecotourism and biodiversity protection.
- 2.21 Bird identification and guide training will resume where it was interrupted by the COVID-19 pandemic in two of the three<sup>35</sup> Wounaan communities in year 1 of the project. For ten months, a Wounaan semi-professional bird guide and a professional bird guide will carry out bird identification training and bird counts with the bird group, *the Pelicanos*, in the communities of Rio Hondo and Platanares. Birdwatching routes will be established based on their findings and trails and rest stops constructed along them. Additional infrastructure or equipment needs will be incorporated into business plans and may be financed by the *Cajas Rurales*. Biocultural materials and ecotour products will be designed, developed, and digitally transformed for the local communities and ecotourists, alike<sup>36</sup>.
- 2.22 Wounaan bird guides in all three communities will be trained to carry out COVID-19 sensitive guided tours, to meet customer service standards, and to use and properly care for bird guiding equipment such as binoculars, scopes, and wildlife cameras. They will receive English instruction, and when Red Cross or SINAPROC classes resume, they will also learn first aid. Training will also cover navigating digital platforms used by their birdwatching clients and for monitoring tropical forest territories<sup>37</sup>. Birdwatching tourists typically engage in digital platforms that verify and record their sightings, such as E-bird,

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<sup>35</sup> Puerto Lara had already completed its training pre-covid.

<sup>36</sup> In 2020, Native Future and the Wounaan National Congress/FUNDEPW began developing biocultural educational materials into digital products. A children's book on birds and Wounaan traditions will be published and available for purchase in hardcopy or as an e-book, video book or audio book. These and other ethnotourism retail products, such as Wounaan baskets and carvings will be developed to sell to ecotourists on site and via digital platforms.

<sup>37</sup> All three communities will continue monitoring their tropical forest territories and bird habitat using new digital technologies and publicly provided data from the University of Maryland's Global Land Analysis and Discovery (GLAD) alerts system and NASA's Fire Information for Resource Management System (FIRMS) to protect their natural assets from the threats of fire and deforestation. This type of remote monitoring is being applied successfully in the Amazon and Guatemala.

which also serves as a marketing tool since birdwatchers consult these platforms to identify where they may be able to sight species of interest.

- 2.23 Finally, a series of workshops with community members will be carried out to develop "acuerdos (reglas) internas" (shared agreements) on the management of community-based ecotourism COVID-19 precautions, and alignment with community land use plans and rules that ensure the natural assets that support ecotourism are sustained.
- 2.24 The expected outputs of this component are: (i) 90 members of guide groups and related community-based service providers trained in COVID-19 sensitive guiding and services; (ii) 2 new routes established and equipped to receive birdwatching tourists; (iii) a total of three community "acuerdos (reglas) internas" adopted by each of the three Wounaan communities of year 1 of the project. The expected outcome is 72 bird-watching tours booked.
- 2.25 **Component III: Access to finance and financial literacy (IDB Lab US\$105,754, Counterpart US\$116,592):** The objective of this component is to implement a financial inclusion program which will benefit community members and local businesses, facilitating the development of the financial objectives of its members and growth of local businesses, including those involved in the ecotourism value chain. The financial inclusion component will implement a methodology that will facilitate business owners and shareholders access to loans, which is described below. The repayment of these loans will reach 98.5% of total portfolio lent (based on historical rates achieved in the *Cajas Rurales* model), which represents strong performance for micro-lending<sup>38</sup>.
- 2.26 Global Brigades (GB) experience and process for creating *Cajas Rurales* and developing the capacity of its members to manage their own economic needs through responsible management of community funds and resources requires the execution of three stages. **Stage 1: Group Formation (3 months):** Potential communities are assessed and selected. A complete baseline survey<sup>39</sup> is performed and all data is uploaded for future reference. The advantages, opportunities, and operation of the Community Bank model are presented to community members with participation of members of other Cajas to complement the information. The Board of Directors is elected by vote and bylaws are formed. **Stage 2: Capacity Building (8 months):** During this period, GB Staff trains members of the Cajas Rurales in financial literacy, savings, and loans on an on-going basis. The Caja is registered as a Corporate type of organization and the seed capital is collected by the community, matched by GB, and deposited into a commercial bank account. **Stage 3: Financial Services (24 months):** Bi-weekly bank meetings are held with the presence of a Global Brigades Technician. Savings and loan payments are received and recorded, fees are assessed, and the Global Brigades Technician inputs

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<sup>38</sup> This indicator is historically low within Cajas Rurales because (i) members develop strong ownership and responsibility to maintain its performance, (ii) members are from the same community and know each other, increasing accountability, and (iii) Cajas Rurales are trained on proper risk management, ensuring loan allocation and conditions consider the payment capacity of the client.

<sup>39</sup> Global Brigades baseline survey is a comprehensive socio-economic survey that among other, provides information on financial access including current savings and loan availability, restrictions to access financial resources and interest rates charged by middlemen credit.

data into management software and creates a performance report. The board members are continually trained to solve problems, keep records, handle members requirements, and continue building leadership and management skills.

- 2.27 In addition to providing access to financial services, several workshops on financial planning will be conducted with members of the community bank with the goal of increasing financial literacy and a culture of savings and prudent borrowing. The methodology utilized in the financial and business management training involves utilizing business consulting frameworks to identify opportunities for increased income generation and to resolve financial challenges of small rural businesses (such as tour operators). It also provides support for small businesses to assess the feasibility of utilizing low-interest loans or creating a savings strategy to reach their economic goals.
- 2.28 The expected outputs to be financed are<sup>40</sup>: (i) 2 Cajas Rurales established with bank accounts; (ii) 3 Cajas Rurales registered as local enterprises with legal corporate status; (iii) 12 board of directors trained on portfolio management and record keeping; (iv) 150 community members trained in financial literacy based on diagnostic of needs; (v) 13 ecotourism supply chain business owners trained in financial and business management.

## **B. Project Results, Measurement, Monitoring and Evaluation**

- 2.29 The implementation of the project is expected to achieve the following results by the end of year 3 at the impact level: (i) 17 businesses increasing annual sales of eco-tours and eco-products from target project participants. At the outcome level the results are: (i) 100% of participating tour operators with ability to receive online payments; (ii) over 50% tours booked via digital channels; (iii) 72 birdwatching tours booked; (iv) 149 savings accounts opened in Cajas Rurales (disaggregated by gender); (v) 98.5% repayment rate of loans by members of Cajas Rurales; (vi) 190 loans disbursed to members of *Cajas Rurales*; (vii) 85% of loans targeting small business development or productive activities (income generating). More details can be found in the Results Matrix (Annex 1).
- 2.30 **Monitoring and Evaluation.** Global Brigades will be responsible for compiling the data to report for the entire project. Global Brigades monitoring and evaluation system will be able to track data within four tiers (communities, businesses, individuals, baseline survey at household level). The progress of all businesses that take part in this project at every stage of development will be monitored in APRICOT, a database system that generates reporting and tracking of progress at a community, household, and business level. All the financial information is generated during the *Caja Rural* meetings and then data is transferred using mobile devices via Smartsheet forms to a database which is then uploaded to Village Savings and Loans (VSL) software to monitor the performance of each *Caja Rural*. Together, the continuous (bi-weekly) monitoring in the field by Global Brigades staff, and the voluntary leadership in each Community Bank will provide enough information to create the reporting necessary.

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<sup>40</sup> Targets for this component were set at the community level with the basis that a high share of the community members are involved in productive activities of the ecotourism value chain. Also, financing will be demand driven and not conditioned to participation in the ecotourism value chain.

- 2.31 The Native Future Project Manager will convene monthly meetings with the FUNDEPW implementation team and Keteka to track progress on Components 1 and 2. When international travel is safe again, Native Future volunteers will support guides, tour operators and communities to self-evaluate their capacity to meet birdwatching tourist expectations. Digital and in-person (e.g., via surveys or interviews) feedback will be collected from tourists visiting the communities and avi-tourists that participate in the bird count activities to better understand their experience. Based on the afore-mentioned inputs, the training courses will be updated annually to reflect the identified gaps and any additional technical assistance needs will be identified.
- 2.32 For the Digital Transformation component, all online-related metrics will be automated and measurable in real time via Puente and Keteka software and all training, connectivity, and finance related metrics will be evaluated monthly, as they are completed, and shared with Global Brigades. Puente software will provide real-time data on how users are using the software. Early success means that users are actively using all functions, including calendar, communication tools, booking data, and integrations with online distribution platforms. If a user goes from active to passive, we will contact them to determine why and work towards getting them back to being an active user. We will have monthly direct conversations (phone, email, text message) with the target community users to gather feedback and improve the product.
- 2.33 For the ecotourism and conservation component, quarterly reports of project activities outlining progress on indicators will be submitted to Global Brigades, including photographic evidence. The Native Future Project Manager will convene monthly meetings with the FUNDEPW implementation team and Keteka to track progress on Components 1 and 2. When international travel is safe again, Native Future volunteers will support guides, tour operators and communities to self-evaluate their capacity to meet birdwatching tourist expectations. Digital and in-person (e.g. via surveys or interviews) feedback will be collected from tourists visiting the communities and avi-tourists that participate in the bird count activities to better understand their experience. Based on the afore-mentioned inputs, the training courses will be updated annually to reflect the pinpointed gaps and any additional technical assistance needs will be identified.
- 2.34 As the executing agency, Global Brigades will present progress reports to IDB Lab every six months, using the Result Matrix as reference, and complementing it with inputs from partner organizations implementing the project. A final progress report will be submitted upon project completion.
- 2.35 A final evaluation will be commissioned by IDB Lab. An independent evaluator will assess how successful the project was at achieving the outcomes expected and the challenges faced to achieve the desired results. The information for the final evaluation will come directly from all parties involved in the project implementation, including a sample of project beneficiaries (business owners, *Caja Rural* members and tour operators) and will capitalize on the data presented bi-annually by Global Brigades starting from the beginning of the project.

### III. Alignment with IDB Group, Scaling and Risks

#### A. Alignment with IDB Group

- 3.1 This project is fully aligned with the following initiatives: (i) Plan de Desarrollo Integral de Pueblos Indígenas de Panamá, particularly with its economic axis aiming to develop an environmentally- and productivity-oriented culture with a focus on protection and conservation of indigenous territories and their economic development; and (ii) Plan Maestro de Desarrollo Turístico Sostenible (2020-2025) with its focus on ensuring that local indigenous communities directly benefit from the positive tourism impacts, thus, increasing their participation in the sector, while granting visibility to their culture and heritage richness.
- 3.2 The project is also aligned with: (i) IDB's Country Strategy with Panama 2015-2019 and its priority to enhance competitiveness and promote social inclusion in the context of a sustainable and inclusive development model, specifically to improve the livelihoods of indigenous comarcas within the country; and (ii) IDB's Tourism Sectoral Framework's<sup>41</sup> second dimension of success "the share of economic benefits from tourism that is captured by the local population and vulnerable groups rises over time". The project will aim to generate greater and more equitable socioeconomic benefits for the three local communities, by reinforcing local linkages to tourism value chains and ensure that tourism expenditure reaches target social segments.
- 3.3 In addition, there are also potential synergies with IDB Invest project (West Resort) in Bocas del Toro Province which is investing in advisory services to develop a cacao route to support and recover an indigenous community in the territory. The solution of this project may be later replicated in this area of the country.
- 3.4 Based on the expected results of the project and the indicators which can be tracked during the life of the project, it is expected that this project will be able to demonstrate contribution to five of the Sustainable Development Goals (SDGs) established by the United Nations. More specifically, the project is expected to contribute to SDG 1 (No Poverty), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), and SDG 10 (Reduce Inequality).

#### C. Scalability

- 3.5 **Scaling at the national level** is envisioned to happen in parallel to this project and will involve the same implementing partners in their existing roles. The scale plan capitalizes on Global Brigade's growth strategy for its community Microfinance Program which has current targets of creating and strengthening 150 community-owned banks (*Cajas Rurales*) by 2021 and 300 by 2022. There is an opportunity to roll out the project to other communities with tourism potential where GB is already implementing their financial inclusion program (see component 3) and complement it with components 1 and 2. There

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<sup>41</sup> IDB's Tourism Sector Framework Document 2017  
<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=EZSHARE-112499197-11>

is also a great opportunity to include communities already selected by the ATP to promote tourism development and complement that initiative with implementation of the 3 components. This strategy can contribute to the scalability of this project adding an efficiency component when reducing the cost of implementation, while helping to identify eligible communities for scaling the solution and initiating conversations with the relevant local authorities.

- 3.6 There are about 346 communities in the 5 the indigenous territories in Panama, many of which have the potential to create products that attract local and international tourists. The objective is to scale to all eligible indigenous territories which express interest and implement the components of the project using best practices and incorporating lessons learned during the implementation and management of the project to make the scalability more cost effective. Some communities may already be beneficiaries of one of the three components and will therefore only need the other two components to complement existing activities. That will also reduce implementation costs. Considering that about 34 (10% of total) of those indigenous communities may have untapped or nascent tourism opportunities, the potential beneficiaries at community level could reach 4,000 people considering the effects of tourist arriving and services and products being provided at the local level.
- 3.7 Global Brigades' financial branch (ESKALA) ([www.eskala.org](http://www.eskala.org)) is a private corporation that is inviting investors to join efforts in developing socially responsible investing in Microfinance operations. GB's expansion to 150 new community banks is currently being financed by Eskala investors. Both Global Brigades and Native Future will continue their annual fundraising efforts and start to include in their campaigns the promotion of results from this project to capture the interest of new funders in the three-fold model. To complement the resources for the digital transformation component of the model, Keteka is preparing for a Series A fundraising round with the Puente Software expansion at the center of its value proposition to investors to continue financing the company with a combination of revenue and fundraising.
- 3.8 Lessons learned and best practices for community ecotourism business development, specific credit products for ecotourism that may be designed during the project, and the incorporation of online payment options will be available to partner communities of the network of *Cajas Rurales* interested in developing or strengthening ecotourism and establishing a digital presence with the support from Keteka. Additionally, Global Brigades will consolidate and expand the operational model for incorporation of Cajas Rurales into Limited Liability Company (SRL) which will organize the legal structure for growth in membership at the community level and increase the ability for financial transactions with other lending organizations.
- 3.9 **Regional opportunities in Nicaragua, Guatemala and Bolivia:** Keteka and Global Brigades' are already working with community members and small business owners of indigenous communities in Guatemala and Nicaragua to engage them in economic development activities by providing local access to affordable financial services in the form of a Community Bank and facilitating digital transformation and accessibility to markets. Native Future is currently focused on Panama, but it is interested in looking for

opportunities to expand their operations to those countries as well. In addition, Keteka is already working in Bolivia and both GB and Native Future are interested in expanding to that market. Focusing on countries in which at least one of the partners for scale already has a presence can help facilitate the entry of the remaining partners and ensure that the executors have operational experience in the local context and established relationships with the relevant players. Scaling up beyond Panama has the potential to reach 9,000 beneficiaries in the next 5 years. Although Keteka and Global Brigades are working in those countries they are not necessarily in the same communities.

#### **D. Project and Institutional Risks**

- 3.10 **Risk 1: No change in travel habits in 2021 / 2022 / low demand for tourism:** If there are minimal changes in travel habits in 2021 or 2022, there would be a delay in tourism revenue to the participating communities. This is a risk that the tourism sector faces globally, but by preparing for a recovery now will allow the communities to be ready for the large influx expected<sup>42</sup>. **Mitigation:** Make ecotourism offer more appealing to a diminished demand by focusing on bird watching as an activity that lends itself to a socially distanced experience, providing training to guides on COVID-19 preventive measures and developing community agreements on the management of ecotourism COVID-19 precautions.
- 3.11 **Risk 2: Community-outbreaks and travel restrictions due to COVID-19.** If COVID-19 cases propagate within the communities it will impact the work plan and the ability of tourists to arrive, potentially delaying activity implementation for two weeks to a month at a time. **Mitigation:** COVID-19 prevention protocols will be built into the capacity building activities and related training to operate tours.
- 3.12 **Risk 3: Short funding cycles for conservation efforts:** Although historically funding has been recurring, the short decision-making cycles limit partner capacity to commit funding for the full three years of this project from the outset. **Mitigation:** Reach out to funders every quarter with updates to make sure no funding opportunities are missed.
- 3.13 **Risk 4: Unable to establish a reliable transportation connection between communities and existing tourism hubs:** If no reliable transportation link between communities and existing tourism hubs is established, this would impede the communities' ability to receive tourism revenue at the community level. This is always a risk for running tourism in rural areas. Once reliable connections are made, however, it significantly increases the community's ability to receive tourism.
- Mitigation:** Keteka's existing connection with transport providers in Panama will be leveraged to facilitate partnerships with communities.

#### **IV. Instrument and Budget Proposal**

- 4.1 The project has a total cost of US\$1,000,000, of which US\$500,000 will be provided by IDB Lab, and US\$500,000 by the counterpart. The instrument to be used is technical cooperation (grant) given the nature of the three-fold model and the target beneficiaries.

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<sup>42</sup> A recent survey by EasyJet indicates that 65% of Europeans have a flight reservation for 2021 in light of the vaccine deployment.

IDB Lab's resources will be used to fund technical assistance, training activities and project coordination expenses.

	<b>IDB Lab (US\$)</b>	<b>Counterpart (US\$)</b>	<b>Total (US\$)</b>
<b>Project Components</b>			
Component 1: Digital transformation to establish digital presence and connection to the tourism market	128,046	214,650	342,696
Component 2: Indigenous-led ecotourism and conservation	102,800	128,710	231,510
Component 3: Access to finance and financial literacy	105,754	116,592	222,346
Project Administration (Executing Unit costs)	140,400	40,048	180,448
Evaluations, Audits and Contingencies	23,000	-	23,000
<b>Grand Total</b>	<b>500,000</b>	<b>500,000</b>	<b>1,000,000</b>
<b>% of Financing</b>	<b>50%</b>	<b>50%</b>	<b>100%</b>

## **V. Executing Agency (EA) and Implementation Structure**

### **A. Executing Agency(s) Description**

- 5.1 Global Brigades Foundation of Panama will be the Executing Agency of this project and will sign the agreement with the Bank. Global Brigades' experience working with indigenous community leaders and members, and with small business owners has proven that economic development starts with local access to affordable financial services in the form of a Community Bank. The initiative is managed mainly by women of the community, who call themselves "shareholders" and meet once a week. Global Brigades works with community entrepreneurs to help them develop economic opportunities by enabling access to banking services. With the community driving its own economic growth, its holistic approach turns to implementing innovative, sustainable solutions in healthcare, education, water, sanitation, and hygiene. Global Brigades facilitates social investment and in-person and virtual business consulting by professional volunteers, services typically overlooked by the commercial financial sector, which further accelerate economic development with its partner communities<sup>43</sup>.
- 5.2 Global Brigades has 10 years of experience working with partners in the development and microfinance sector in Panama such as the IDB, World Bank<sup>44</sup>, Kiva, and the Peace Corps. The UNDP 2019 Panama Report described Global Brigades as an international NGO that works mainly with indigenous communities. Its holistic model is a sustainable development approach.

<sup>43</sup> Global Brigades' technical personnel reside in the area, so in-person visits are scheduled every 15 days (one staff per cluster of 20 members). A Wounaan community member trained in accounting management provides technical assistance in the native language. Given the difficulty of accessing the area, former treasurers of Cajas located in nearby Wounaan communities will be hired. Global Brigades has presence in Puerto Lara and will develop the financial inclusion model in the other two selected communities.

<sup>44</sup> The World Bank Group reporting on the execution of the pilot project for economic empowerment of indigenous women highlighted how Global Brigades' community banks implementation and training are helping beneficiaries change their use of the social protection subsidies from purely consumption to savings and investments. The loans issued are being used to cover different personal expenses, including educational costs for children, medical exams, and business investments, among others. Most beneficiaries had never had a bank account in their lifetime and none of the participants had ever had a loan.

- 5.3 Global Brigades will establish a partnership agreement with Native Future, FUNDEPW and Keteka for project implementation and contribution of counterpart resources. **Native Future** is a 501(c)3 non-profit organization that assists indigenous peoples of Panama to protect and conserve the ecosystem. Native Future has been partnering with Wounaan indigenous communities in Panama since 2004 to protect their land rights, support their stewardship of their rainforest ecosystems, and educate their youth. In 2017, Native Future and the Wounaan National Congress with their Foundation for the Development of the Wounaan People (FUNDEPW) launched the Wounaan Bird Count to build bird tourism and biocultural conservation capacity in selected communities. Native Future and the FUNDEPW will lead the Indigenous-led Ecotourism and Biodiversity Conservation components.
- 5.4 **Keteka LLC** is a marketplace where travelers can find and book the most authentic tours and activities in Latin America, with validated local guides. Keteka has worked with community and off-the-beaten-path tour operators in Latin America since 2014, and it currently works with 320 tour operators in 18 countries. Keteka was founded by two former Peace Corps Volunteers who developed community tourism capacity in Panama. Puente is a software created by Keteka that allows local tour operators to run their businesses and connect to global travel online. Keteka will lead the implementation of the Digital Transformation component of the project. The Partnership Agreement to be executed among Global Brigades, Keteka LLC, Native Future and FUNDEPW shall include a provision allowing Global Brigades to use the Puente Software during the term of the project.

## **B. Implementation Structure and Mechanism**

- 5.5 Global Brigades will oversee project coordination and administration. An executing unit composed of a program manager and an assistant will support the implementation of project activities and manage project counterpart resources effectively and efficiently. The program manager will be actively engaged in the logistical and operational structure of the project, will be responsible for the day-to-day operations, leading the procurement processes included in the project and will support Global Brigades in compiling data on the progress achieved to submit project status reports to IDB Lab every semester.
- 5.6 Global Brigades will organize periodic coordination meetings with all participating agencies to monitor implementation progress and determine key action items and strategies. IDB Lab will support Global Brigades in related strategic decisions. Keteka will oversee implementation of project activities described in Component 1, Native Future and the FUNDEPW will lead implementation of Component 2, and Global Brigades will be responsible for activities related to Component 3, while overseeing overall coordination of the operational goals and financial resources.

## **VI. Compliance with Milestones and Special Fiduciary Arrangements**

- 6.1 **Disbursement by Results, Fiduciary Arrangements.** The Executing Agency will adhere to IDB Lab's standard arrangements as specified in Annex V related to results-based disbursements and procurement and financial management policies applicable to the private sector, in accordance with the Financial Management Guidelines for IDB-financed

projects (document OP-273-12 of June 2019) and with IDB Lab Guidelines for milestone management and financial supervision for technical cooperation operations.

- 6.2 **Global Brigades' policies will be used for procurement.** An annual procurement plan will be submitted together with the annual work plan. IDB Lab will perform ex-ante reviews of critical procurements related to highly technical issues. Global Brigades will make its annual financial statements available to the Bank. Using resources from the contribution, IDB Lab will review the resources applied to the project, verifying financial practices and procurement.

## **VII. Information Disclosure and Intellectual Property**

- 7.1 **Information Disclosure.** The information contained herein is classified as public upon approval under the Bank's Access to Information Policy<sup>45</sup>.
- 7.2 **Intellectual Property.** The Executing Agency shall own the intellectual property rights to all works to be produced or results that will be obtained under the Project. The Executing Agency will grant to the Bank an irrevocable, non-commercial, world-wide, perpetual, royalty-free, and non-exclusive license to use, copy, distribute, reproduce, publicly display and perform any and all Executing Agency intellectual property derived from the execution of the Project only. The Bank will use the license to achieve IDB Lab's knowledge sharing goals and in no case, it will sell or sublicense the intellectual property rights to a third party for commercial or economic purposes. The Intellectual Property of any previously developed work/product to be used in the Project should remain with the original Intellectual Property owner.

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<sup>45</sup> Link to the Bank's [Access to Information Policy](#)