

Comments on Draft R-Plan – Panama

Submission date: March 18, 2009

General remarks:

Well organized draft document covering all major aspects of interest from the development perspective: so called “co-benefits” such as poverty reduction, economic benefits for local communities including indigenous peoples and conservation of biodiversity are prominently and coherently placed throughout the document.

Timing of activities seems rather ambitious and might need a review in light of the multiplicity of processes and developments which will be induced by the readiness proposal.

Financial resources for investment in the environment from national budget peak in years 2009 – 2011 and then drop sharply (see p.41). This trend should be revised in order to avoid shortcomings in the final stages of achieving readiness for REDD and early implementation.

In general terms, time lines appear too optimistic. More time should be calculated – and given to comply with the catalogue of activities outlined in the R-Plan.

Shortcomings: the wealth of committees, coordination hubs and national processes adequately reflects the current institutional setup. However, this might require some streamlining for the REDD strategy to achieve its goals.

In comparison with countries such as Mexico and Costa Rica, Panama has relatively little experience with compensation schemes for protection of forests. This should be borne in mind in the REDD strategy design.

It would be desirable to have information on past and current donor activities in relevant sectors available.

Specific remarks emphasizing the development perspective:

Component: R-Plan General Information

The inclusion of four persons directly linked to indigenous communities (“Comarca”) hints at the early consultation of indigenous peoples within the formulation process. However, it would be interesting to know, to what extent the consultative process with rural and especially indigenous peoples complies with the Free, Prior and Informed Consent Principle (see also component 1).

Of special interest is the close link to cc adaptation strategies as stated in sub-chapter 3, p.7. We are convinced that the mitigation and adaptation should be the two sides of the same coin since considerable administrative synergies can be expected.

The existence of the UNFF Non legally binding instrument on all types of forests is not mentioned.

Component 1 – Land use, Forest policy and governance quick assessment

The clear historical description of the land use patterns, practices and cultural background including the displacement of indigenous communities may underestimate the challenge of changing age old behavior, beliefs and cultural identity re land use. Especially (extensive) livestock raising can be hard to overcome.

What does not become entirely clear is the current “Sustainable Forest Model” (s. p- 10); it remains vaguely connected to three major programs without really explaining the concept of sustainability applied. A better understanding of this concept in theory and on the ground should be sought by FCPF.

Similarly, existing experiences with the “Program of community environmental business and investment” should be more thoroughly analyzed with regard to lessons learned that can be replicated in the design of a compensation scheme at a later stage.

Component 2 – 2a) Convene a national REDD working group to coordinate...

It is not clear to what extent the UN Declaration of Indigenous Rights, especially the concept of “Free, Prior and Informed Consent” has been taken into account to date. Given the relatively high percentage of indigenous areas, this aspect should be substantially dealt with.

Component 3 – Design the REDD strategy

In the design phase, special emphasis should be given to the aspect of land tenure/ legal titles (individual/ collective) as a precondition for land owners to benefit from REDD compensation payments in the future.

Besides the protected areas approach, restoration and rehabilitation of vegetation at the watershed level should receive much attention. Here, the proposal should be more specific. In the cost-benefit-analysis there should be a separate chapter on how a REDD scheme will negatively affect which groups and their potential reactions.

In addition, a better understanding of the underlying causes of drivers of deforestation and degradation including potential leakage should be sought in order to be able to address these correctly in the REDD scheme.

Component 4 – REDD implementation framework

The establishment of a chain-of-custody for all timber transport from the forest to the timber yards is recommended in order to increase transparency and control of the timber markets along the production chain.

Site controls on newly established forest or forest restoration should be carried out at regular intervals during at least 5 years.

The legal provisions re ownership of carbon in forests can not fully be appreciated unless data on privately owned forests are made available. From the text it is not entirely clear if carbon sequestration is per definition an asset belonging to the state. If this is the case, the state⁷ government would act in two different roles in the REDD arena: as supreme authority and as overall “project developer”. It remains to be seen if this dual function – if the analysis is correct – offers the best way forward for REDD (ownership, authority, conflict of interests, among others).

The idea of linking state revenues from REDD with the establishment of environmental businesses seems to be at the heart of the envisaged compensation scheme. However, it remains to be seen if this scheme should not developed further to deal with specific requirements that might surface during the process of framework definition and implementation.

This component would benefit from more exhaustive information on current bi- and multilateral funding (p. 41).

Component 5: .Impact assessment

The description is very short. More information on the two studies (ToR) would be highly welcomed.. The title goes beyond the actual description of what can be done in the preparatory stages under consideration in the R-Plan (“assess the social and environmental impacts...)

The time line of 18 months for this component might be – as in other components – too short to yield the expected results.

Component 6: Assess investment and capacity building requirements

Since the budget presented by Panama is not available for comparison, no comments can be made on this component.

Component 7 – Reference Scenario

First para: the figure of 25% of deforestation between 1947 and 2000 refers to the country’s total land area and not to a loss of 25% of forest cover in 1947!. The proposal to analyze the drivers of deforestation is appropriate in order to adequately design the REDD scheme.

The national forest inventory, currently being updated, might require much more time than estimated, depending on the factual status of it.

Despite some hints on past deforestation and potential future trends, the R-Plan remains vague on the expected of reference scenario preparation. This is plausible since international negotiations still have to provide a clear framework for this. It should be understood that setting the reference scenario will be a highly disputed and “political” outcome negotiated on the basis of past data and future trends AND on the individual interests of the countries.

Component 8 – Design and implement Monitoring, Reporting and Verification System for REDD

Panama should be invited to address methodological problems in carbon monitoring (for both deforestation and degradation) on a step-by-step basis: methodologies can be refined as more data become available. At an early stage of the prep phase, FCPF and Panama should agree on a minimum set of information on carbon stocks needed to start the implementation of REDD scheme.