Forest Carbon Partnership Facility

Progress with Due Diligence Activities in Panama

Participants Committee Meeting (FCPF PC4)
Washington, DC - October 27-28, 2009
• FCPF-PC cleared the Panama R-PP in June, 2009 and requested to proceed with World Bank due diligence activities for a $3.6 m preparation grant.

• The new government of Panama took office on July 1, 2009.

• The Bank conducted a mission to Panama on July 21-22, 2009 to:
  – Reestablish the dialogue on the REDD process with the new administration.
  – Learn about the new government’s programs and policies related to REDD.
  – Discuss next steps for signing the preparation grant agreement, including due diligence activities.
  – Address the need to ensure proper coordination with UN-REDD.
Main issues addressed:

- Formal endorsement of the new government to continue with the FCPF Readiness process
- Establishment of the National REDD Working Group with representation from government agencies, private sector, Indigenous Peoples, civil society, etc.
- Need to intensify the dialogue with Indigenous Peoples and other forest-dependent communities.
Main issues addressed (cont.):

- Agreement to conduct a Strategic Environmental and Social Assessment (SESA) as the tool to identify and evaluate possible impacts of the REDD strategy and help prepare safeguard instruments.
  - Draft Terms of Reference (ToR) to carry out the SESA during the preparation phase.
  - Conduct initial consultations of ToR with representatives of key stakeholder groups in a transparent manner.
- Key technical issues and recommendations of the R-PP identified by the TAP and the Bank’s due diligence process
- Technical and fiduciary arrangements to administer the preparation grant
Progress to Date

• Endorsement letter from the Ministry of Finance has been recently submitted to the Bank

• Dialogue with Indigenous Peoples has been restarted by ANAM (mainly with the Coordinadora Nacional de Pueblos Indígenas de Panama, COONAPIP)

• A National REDD Committee has been established

• Agreement reached with UN-REDD and ANAM to:
  • Harmonize R-PP with UN-REDD documents
  • Organize a common budget for UN-REDD and FCPF funds
  • Elaborate a unified national stakeholder consultation plan and strategy
  • Manage preparation phase through a single coordination/administration unit in ANAM
  • Define a single monitoring and harmonized reporting system
**Additional Consultations**

**Grant to COONAPIP by the FCPF (Capacity Building Program),** to carry out 11 workshops in the 11 Indigenous Congresses and Councils and 1 summary national workshop in Panama City to collect views on the REDD process.

2 workshops have been carried out in the Indigenous communities of Paya and Pucuro of the General Kuna Congress of Dagarkunyala targeting 117 Indigenous participants

**Main issues raised:**

- (i) free, prior and informed consent principle;
- (ii) respect for traditional practices and livelihoods;
- (iii) benefit-sharing arrangements need to be specified - trade of carbon credits should be based upon consultations and agreement with Indigenous communities;
- (iv) decisions are taken at the level of Indigenous Peoples General Congresses and Councils and COONAPIP is the intermediary entity; and
- (v) ensure legal recognition of rights of Indigenous Peoples to land.
Next Steps

• Revise R-PP to reflect key issues addressed by the Bank and the TAP, stakeholder feedback and consistency with UN-REDD document.

• Continue discussions with key stakeholders on issues relevant to REDD to ensure a process is in place to address them during preparation.

• Finalize draft ToR for the SESA, and seek feedback and inputs from key stakeholders.

• Ensure compliance with the agreed harmonization and coordination measures with UN-REDD for a unified Readiness process.

• Finalize institutional and fiduciary arrangements.

• Prepare Assessment Note, and convene internal review by the Bank.