



# **Forest Carbon Partnership Facility**

## **Progress with Due Diligence Activities in Panama**

Participants Committee Meeting (FCPF PC4)  
Washington, DC - October 27-28, 2009



# Background

- **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.**

The image features a background of a dense forest with various green leaves and branches. Overlaid on the top center of this background is a solid green rectangular bar. Inside this bar, the words "Due Diligence" are written in a white, sans-serif font.

# Due Diligence

## 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.

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# Due Diligence

## 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

# Progress to Date

## 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.



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## 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.**