



READINESS PREPARATION PROPOSAL (R-PP) ASSESSMENT NOTE

ON THE PROPOSED PROJECT WITH PANAMA
FOR REDD+ READINESS PREPARATION SUPPORT

UNDP REDD+ TEAM

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SUMMARY INFORMATION

Outline

Country: Panama
Project Title: Panama's REDD+ Readiness Preparation Proposal (FCPF)
Project Duration (in months): 30 months
Expected start month: July 2015
Date of R-PP Formulation Preparatory Grant signature (if applicable): June 2014
Number of FCPF Participants Committee Resolution Approving the R-PP: [PC/3/2009/2](#)

Country Programming

	YES	NO
Project within CPAP, UNDAF Action Plan, One UN Plan etc.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HACT macro-assessment available:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HACT micro-assessment(s) completed*:	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Micro-assessment conducted in April 2015.

UNDAF Outcome 4 (2012-2015): Environmental Sustainability and Climate Change:

4a) Panama has implemented development policies that promote sustainable use of natural resources and recognize the social and economic value of environmental services and the conservation of biodiversity.

4c) Panama has reduced vulnerability to climate change and natural hazards, and has changed to a low emissions economy, through intersectoral action at national and local levels for efficient and sustainable use of natural resources.

Implementing Partner / Executing Entity: UNDP
Responsible Parties / Implementing Agencies: Ministry of Environment

Links to UN-REDD Programme

	YES	NO
UN-REDD Programme partner country:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
UN-REDD National Programme (NP):	<input checked="" type="checkbox"/>	<input type="checkbox"/>
UN-REDD NP under implementation when the R-PP project is expected to start:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
UN-REDD Targeted Support	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Project Financing Data

Total R-PP Resources Required: US\$ 14,008,106 M

Total R-PP Resources Available from FCPF: US\$ 3.8 M

Unfunded Budget: US\$ 1.93 M

Co-financing:

1. Other Donors

Cash: US\$ 5.3 M (UN-REDD Programme), US\$ 400 K (GIZ regional), US\$18 M (CAF TBC)

Parallel:

In-kind:

2. Government

Cash: US\$ 3.1 M

Parallel:

In-kind:

3. UNDP

Cash:

In-kind:

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ABBREVIATIONS AND ACRONYMS

ACP	Panama Canal Authority
ANAM / MiAmbiente	National Environment Authority/ Ministry of Environment
CATIE	Tropical Agricultural Research and Higher Education Center
Common Approach:	The Common Approach provides an overarching framework for the World Bank and development agencies to be Delivery Partners to provide R-PP Formulation and/or Preparation grants to FCPF REDD Country Participants.
COONAPIP	National Coordinating Body of Indigenous Peoples in Panama
CONAGEFOR	National Forest Management Committee
CPD	Country Programme Document
CSO	Civil Society organization
ESMF	Environmental and Social Management Framework
FAO	United Nations Food and Agriculture Organization
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
FMT	Facility Management Team
FPIC	Free, Prior and Informed Consent
GDP	Gross Domestic Product
GoP	Government of Panama
MEF	Ministry of Economy and Finance
MICI	Ministry of Commerce and Industry
MIDA	Ministry of Agriculture
MP	Ministry of the Presidency
MRV	Measurement, Reporting and Verification System
NFMS	National Forest Monitoring Systems
NGO	Non-governmental organization
NP	National Programme
REDD	Reducing Emissions from Deforestation and Forest Degradation
RL/REL	Reference Level/Reference Emission Level
R-PIN	Readiness Plan Idea Note
SE	Stakeholder Engagement
SESA	Strategic Environmental and Social Assessment
SIA	Inter-Institutional Environment System
TAP	Technical Advisory Panel
ToR	Terms of Reference
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	United Nations collaborative initiative on Reducing Emissions from Deforestation and forest Degradation (REDD) in developing countries

I. INTRODUCTION

As part of its responsibilities as a Delivery Partner for the FCPF, UNDP has been asked to ensure that the FCPF's activities comply with UNDP's policies and procedures, and the [Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners](#).

The purpose of this Readiness Preparation Proposal Assessment Note (R-PP Assessment Note) is for UNDP to assess if and how the proposed REDD+ Readiness Support Activity, as presented in the R-PP and the project document, complies with the above policies, procedures and approach, discuss the technical quality of the R-PP, record the assistance UNDP has provided to the REDD+ Country Participant in the formulation of its R-PP, and describe the assistance it might potentially provide to the REDD Country Participant in the implementation of its R-PP.

Panama is one of the nine original pilot countries of the UN-REDD Programme and has been engaged in REDD+ since 2008, as one of the first countries to start designing its Readiness Preparation Proposal (R-PP). In October 2009, US\$5.3 million was approved by the UN-REDD Programme Policy Board for Panama's National Programme (UN-REDD NP). Due to a series of institutional and political changes (including presidential elections in 2009), UN-REDD NP's activities only started in January 2011, after the project document was finalized and funds were received. Following a substantive revision and the approval of a no-cost extension, the UN-REDD NP is expected to conclude in June 2015.

Panama is also a partner country of the FCPF, had an approved R-PP since 2009, which was pending to resolve substantive TAP comments. In May 2014, during the last year of the UN-REDD NP implementation, Panama had presidential elections, resulting in a change of Government. The new authorities revised and submitted the [R-PP](#) to FCPF in October 2014. The revised R-PP received a positive [completeness check](#) by the FCPF.

A. COUNTRY CONTEXT

The Republic of Panama is a narrow isthmus of 75,420 km² located in the extreme southeast of Central America. It borders to the West with the Republic of Costa Rica and to the East by the Republic of Colombia. There are 52 river basins, divided into hydric areas, which drain into both the Caribbean and to the Pacific Ocean.

Panama has a population of 3,405,813, a rich biodiversity, and one of the most stable economies in Latin-America. The main economic activities include finance and banking services, tourism and logistics, which represent 75% of the GDP (gross domestic product).

Panama has gone through large and profound transformations in a short period of time. Slow economic growth and low population density, characterizing Panama in the first half of the 20th century changed dramatically from the 1970s throughout the 1990s. The population grew from 2.3 million habitants in 1990 to 3.4 million habitants in 2010, and the GDP went from US\$ 9,322 million in 1996 to US\$ 26,591 million in 2010 putting pressure on the natural resources. The country has progressed significantly in some areas, but has still important challenges towards a sustainable and equitable human development (UNDAF, 2012-2015).

There are several opportunities emerging for Panama, including the consolidation as a geo-economic regional center, improvements in development in general, economic growth positioning Panama as a high middle-income country, general wellbeing, as there has been recent distribution of income, poverty reduction, and creation of employment and increased life expectancy, as well as improved basic services. Panama's cultural diversity also offers opportunities. Important challenges still remain in order to consolidate and improve living conditions, including inequality, governance, safety and environmental sustainability (UNDAF, 2012-2015).

The indigenous peoples in Panama account for 12.3% of the population, with 417,559 people having identified themselves as indigenous in the 2000 National Census (ILO, 2014)¹. Panama's seven indigenous groups are the Ngäbe, Buglé, Kuna, Emberá, Wounaan, Bribri and Naso Tjërdi. These 7 indigenous groups are organized in 10 "Congresos" and 2 "Consejos Generales" that represent their highest decision making authority for each group² (Figure 1). With a long history of struggle for recognition of their traditional political and administrative structure,

¹ ILO (2014). Indigenous and tribal People. Panama.

<http://www.ilo.org/indigenous/Activitiesbyregion/LatinAmerica/Panama/lang--en/index.htm>, 17 Nov 2014

² Congreso General de la Comarca Emberá Wounaan, Congreso General de Tierras Colectivas Emberá y Wounaan, Congreso General Kuna de Dagargunyala, Congreso General de la Comarca Kuna Yala, Congreso General de la Comarca Kuna de Madudangí, Congreso General de Comarca Kuna de Wargandí, Congreso General Emberá de

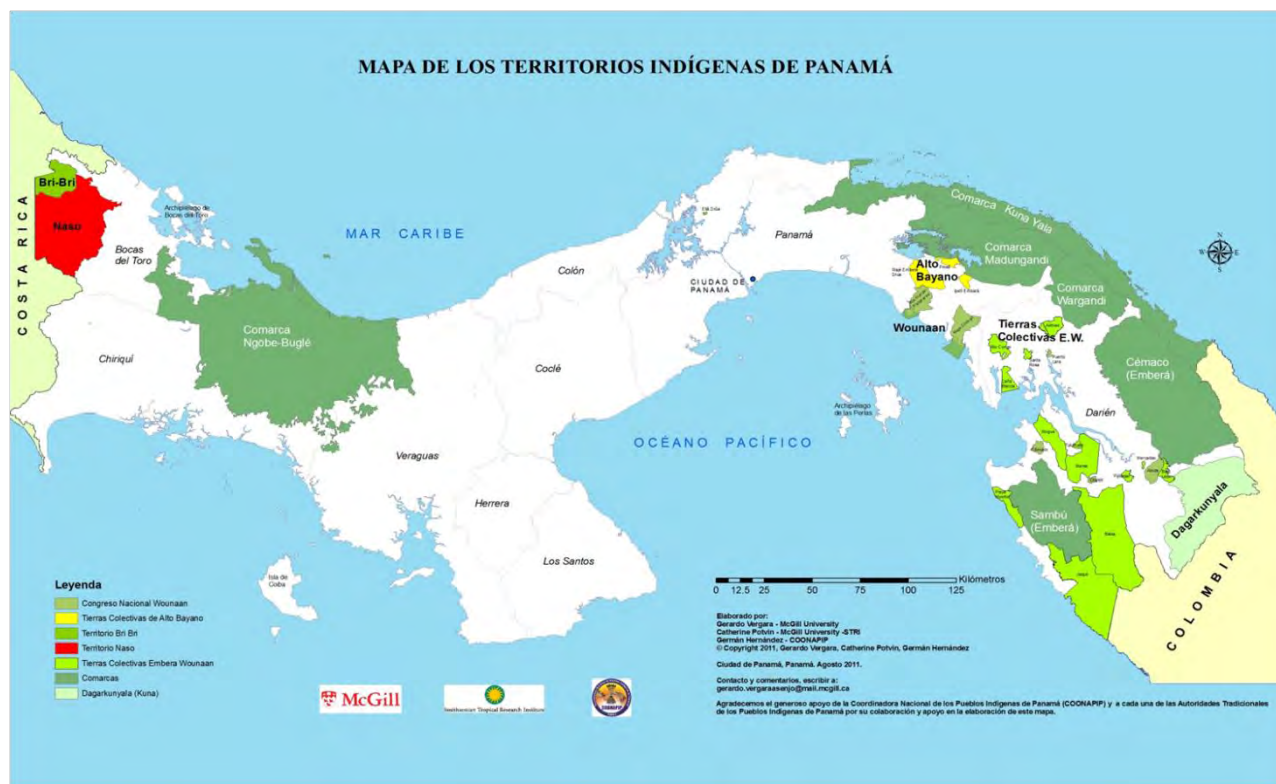


Figure 1. Map of Panama's Indigenous territories

their autonomy, their identity and their cultural historical values , only 5 indigenous territories or *Comarcas* have been legally recognized. The remaining territories either hold a “tierras colectivas” status or have no legal recognition at all. This creates a situation where it is difficult to clearly state the percentage of the national territory belonging to indigenous peoples. The map above shows the distribution of IP in the country.

The UN supports the Government of Panama (GoP) through the UNDAF and Country Programme Document (CPD) for the period 2012-2015, with an emphasis on the Millennium Development Goals, consolidation of the democracy, citizen Security and environmental sustainability and climate change. UNDP is particularly supporting the GoP in mobilization of resources to finance the shift towards a green economy, strategies to fight climate change, environmental management, and the integration of environmental aspects into development plans. The REDD+ readiness process offers an opportunity for the GoP to leverage efforts and results towards sustainable development.

B. SECTORAL AND INSTITUTIONAL CONTEXT

Alto Bayano, Congreso General de la Comarca Ngäbe Buglé, Consejo General del Pueblo Naso Tjërdi, Consejo General del Pueblo Bri Bri.

i) Drivers of deforestation and forest degradation

Panama's REDD+ Readiness Preparation Proposal ([R-PP](#)) was substantially updated in October 2014, presenting detailed information on the status of forests, deforestation and forest degradation, coming from new data generated by former ANAM, now the Ministry of Environment (MIAMBIENTE) with support of the UN-REDD Programme through its National Programme (UN-REDD NP).

Several studies on land use dynamics, opportunity costs, and drivers of deforestation and forest degradation were undertaken under the UN-REDD NP and are referred to in the R-PP. These studies indicate that approximately 61% of Panama's territory is covered with forest (5.5 M ha). Lack of chronological time series with a consistent methodology makes it challenging to know the exact deforestation rate, but a recent study made by Hansen et al (2013)³ indicates an annual deforestation rate of 0, 35% during the period of 2000-2012, which correspond to approximately 267 000 has a year. While deforestation rate is relatively high the actual forest loss in hectares is low (ONU-REDD, 2012).⁴

Regarding deforestation patterns and distribution in Panama, a recent study found that deforestation and degradation of forests mainly take place in the provinces of Panama and Darien, outside of protected areas and indigenous territories. Degradation takes place in the Comarca Ngäbe Buglé and in the province of Chiriquí (CATIE, UN-REDD, 2012). The few remaining deforested areas are distributed in the rest of the country. In the CATIE study, two general patterns of deforestation can be observed:

1. Fragmented deforestation following a mosaic pattern, with no evidence of a consolidated front of forest loss. This is mainly the case of the Pacific slope of the country, the northern arc (from the height of the Kuna Yala archipelago and to Bocas del Toro), the Azuero Peninsula and areas near the border with Costa Rica, in the province of Chiriquí.
2. Centralized deforestation in more or less consolidated blocks. This can be observed mainly in the area of Darién and the eastern part of the province of Panama, and to the northeast of David, on both sides of the border of the Comarca Ngäbe-Buglé.

Deforestation is driven by a complex set of processes (see Table 1). The direct drivers are identified as the expansion of the agricultural frontier and livestock production, mining, construction of hydroelectric plants, routes and highways in rural areas.

³ Hansen, M. C., P. V. Potapov, R. Moore, M. Hancher, S. A. Turubanova, A. Tyukavina, D. Thau, S. V. Stehman, S. J. Goetz, T. R. Loveland, A. Kommareddy, A. Egorov, L. Chini, C. O. Justice, and J. R. G. Townshend. 2013. Hansen, Potapov, Moore, Hancher et al, 2013. High-Resolution Global Maps of 21st-Century Forest Cover Change. Science 342 (15 de noviembre): 850-53.. In the R-PP.

⁴ ONU-REDD (2014). Mapa de cobertura y uso de la tierra 2012. Programa ONU-REDD Panamá, 2014, in the R-PP.

Underlying causes of deforestation are related to the absence of appropriate policies, lack of spatial planning and land use management, poverty, land degradation and as a consequence of this, expansion of the agricultural frontier in the search for more fertile land, unequal land distribution, unclear land rights and trade policies. Table 1 provides a detailed overview of the drivers of deforestation and their underlying causes presented in the R-PP.

Table 1: Drivers of deforestation and forest degradation⁵⁵

Direct drivers	Underlying factors
Expansion of the agricultural frontier, livestock production.	<ul style="list-style-type: none"> • Agricultural and regional policies, subsidies and credit schemes not taking into consideration forests and land use changes, • Absence of spatial planning and considerations of sustainable land use, • Construction of roads and highways in rural areas, • Land degradation and clearing of new land for agricultural purposes, • Unequal land distribution and unclear land rights, • Trade policies not favoring the development of rural areas, • Poverty, habits and cultural values (tradition, low level of education, lack of environmental education, consumer patterns).
Mining and construction of hydropower plants.	<ul style="list-style-type: none"> • Sectoral policies that foster development of activities with negative impact on forests, • Absence of integration of forests and environmental aspects and linkages in sectoral policies, • Absence of spatial planning and appropriate land use.
Construction of roads and highways in rural areas.	<ul style="list-style-type: none"> • Sectoral policies that foster development of activities with negative impact on forests, • Absence of integration of forests and environmental aspects and linkages in sectoral policies, • Absence of spatial planning and appropriate land use.
Lack of planning of urban development and tourism.	<ul style="list-style-type: none"> • Sectoral policies that foster development of activities with negative impact on forests, • Absence of integration of forests and environmental aspects and linkages in sectoral policies, • Absence of spatial planning and appropriate land use.
Traditional agricultural practices (slash and burn).	<ul style="list-style-type: none"> • Use of inappropriate technology • Poverty, social inequality, habits and cultural values, • Lack of coherent policies to address poverty and reduce social inequalities, • Lack of support to develop sustainable programs in indigenous territories and in rural areas to protect the biological and cultural diversity, • Lack of harmonization of interests and national policies towards indigenous peoples.
Unsustainable logging.	<ul style="list-style-type: none"> • Inappropriate logging technology, • Forestry is not considered a productive entity by the majority of the population, • Lack of incentives (subsidies or taxes) to stimulate sustainable forest management and inadequate application, implementation and / or monitoring, • Lack of financial institutions (state and/ or private) dedicated to funding the abovementioned activities, • Inadequate forest policies and weak application, implementation and monitoring.
Use of wood as fuel.	<ul style="list-style-type: none"> • Poverty, habits and cultural values
Barriers to increasing forest carbon stocks.	<ul style="list-style-type: none"> • Underlying factors

⁵⁵ R-PP (2014): Morell, 2010, E. Mariscal, 2012 y CATIE, 2013,

High initial investment cost combined with long-term income.	<ul style="list-style-type: none"> • Forestry is not considered a productive entity by the majority of the population, • Lack of incentives (subsidies or taxes) designed to encourage reforestation, agroforestry, restoration of degraded forests and / or weakness of application, implementation and monitoring.
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ii) National REDD+ Developments

The UN-REDD NP and the FCPF proposal are led by the Government of Panama (GOP), represented by the Ministry of Environment (MIAMBIENTE). Panama's indigenous peoples are organized in twelve *Congresses*, which are the traditional and territorial authorities. At the time of the UN-REDD NP design, there was not a single body or platform for all Panama's congresses, but one platform with 8 of the 11 congresses: National Coordinating Body of Indigenous Peoples in Panama (COONAPIP). Hence, COONAPIP was identified as the indigenous people's counterpart for the UN-REDD NP.

The UN-REDD NP suffered several delays due to changes within the national counterpart and political changes, and activities only started in 2011 which affected the overall progress on REDD+ readiness. From the design process, there was a concern for the participation of indigenous peoples. In March 2013 UN-REDD NP activities were suspended due to allegations by COONAPIP, on violations of the rights of the Indigenous Peoples in Panama by ANAM and UN-REDD. The UN-REDD NP was then revised through an [independent investigation and mid-term evaluation](#). The results of the investigation were made public in June 2013, concluding that although there were no violations of human rights by ANAM and UN-REDD, there were flaws in the design of the UN-REDD NP, and in the establishment of a participatory process, with clear roles and responsibilities, which hampered the further inclusion of Indigenous Peoples in the implementation of activities. The mid-term evaluation concluded with 10 recommendations which lay the foundations for a reformulated UN-REDD NP including revised results framework and request for no-cost extension agreed by the GoP and the COONAPIP.

The most substantial progress in the REDD+ readiness process was between 2012 and 2014, with the development of technical studies while the components of consultation, participation, capacity building and communication were left behind; through the process of *active listening* supported by UNDP and by COONAPIP, and the conclusion of a forest cover and land-use map as the basis of the National Forest Monitoring System (NFMS). The UN-REDD NP is expected to conclude in June 2015, with the development of Panama's first draft of its national REDD+ strategy built in a participatory manner, the basis for the national forest monitoring system, a draft proposal of a safeguards Information System (SIS), and capacities developed for the forest reference level/forest reference emissions level (FRL/FREL).

Achievements of the UN-REDD NP by R-PP component are summarized below (UN-REDD, 2014)⁶:

1. Organization, consultation and participation of the process of developing the National REDD+ Strategy.

⁶ OUN-REDD (2014). Informe semestral 2014 Programa Nacional Panamá, 15 de agosto 2014.

- Reestablishment of the relations between ANAM and COONAPIP which resulted in a Memorandum of Understanding between the two institutions and the restructuring of the UN-REDD NP;
- Carrying out the *active listening*, an innovative process where stakeholders were consulted in order to better define the strategic options for the National REDD+ Strategy. The process targeted rural communities and afro-decedents. The indigenous communities are currently carrying out their own consultation (first quarter of 2015).
- Reactivation of the National REDD+ Platform (Mesa Nacional) with a meeting held 23 June 2014, gathering 134 representatives from the indigenous people, rural and afro-descendent communities, non-governmental organizations, forest enterprises and representatives from the civil society. During the meeting, the new formulation of the National Programme was discussed, and the participants were informed about the recent developments of the readiness phase.
- Creation of a REDD+ page within ANAM's web page, making relevant documents and studies available to the public, and a number of news articles about REDD+ were published in national newspapers.
- Development of a plan to enhance capacities and communication, and the initiation of the execution of the plan, where the first step is the sensitizing about REDD+. ANAM staff were the main target for the capacity building.

2. Technical, operational and legal framework developed for the National REDD+ Strategy.

- Advanced version of the study of opportunity costs of REDD+ being revised by the technical team of ANAM.
- Integration of the analysis of multiple benefits in the discussion of strategic option of REDD+.
- Initiating of methodological arrangements between CATIE and COONAPIP in order to use a spatial tool to measure deforestation in indigenous territories.
- Production of a video about the main drivers of deforestation.

3. Forest Reference level/ Forest Reference Emission Level (FRL/FREL) established and technical capacity provided for periodical revisions.

- Development of scenarios that shows the impact of infrastructure projects on forest/ deforestation.
- Analysis of methodical options in order to elaborate a map of historical forest cover changes.
- Acquirement of the necessary satellite images for analysis of multi-temporal changes.

4. National Forest Monitoring System (NFMS) designed, and initiated, and in the process of being institutionalized.

- An initial NFMS was presented to ANAM 4 February 2014.
- A system of classification of forest cover and land use were finalized. Still lacks figures and diagrams in the publication.

- Important progress has been achieved in the development of the Satellite System of Land Monitoring and the National Forest and Carbon Inventory.

Description of the development of the National REDD+ Strategy

Panama's National REDD + Strategy to be developed with UN-REDD support will refine and unpack the draft strategic options in the R-PP, including the implementation and legal framework proposed to implement REDD+.

According to ANAM's new administration the overall objective of the GoP to engage in REDD+ is to i) Promote and strengthen national capacities for sustainable forest management, and to ii) Conserve and restore natural forests for the benefit of rural communities (ANAM, 2014).⁷ The new Government has recently announced a "one million hectares" reforestation campaign, putting a lot of emphasis on this activity.

The process to develop the national REDD+ strategy (NRS) is well described in the R-PP, aiming to secure continuity and synergies between the UN-REDD NP and the FCPF.

The participatory approach is based on the concept of public participation, and complies with the requirements of the SESA, based upon three basic principles:

- **A process of dialogue/construction/transformation (D/C/T).** The process of participation which will run from 2014 is seen as a set of actions seeking the active participation of the main stakeholders, with emphasis on the participation of indigenous peoples, people of African descent and forest dependent communities, as well as other organizations, institutions and individuals with public, private and social profiles.
- **Based on the values of equality/transparency/respect (I/T/R).** This is to ensure that key stakeholders (indigenous peoples, people of African descendants, communities) have the capacity and sufficient resources so that their voice and opinion is continuous and fully taken into account. All the actions of participation, dates, places of preparation and its results will be public and easily monitorable by any person or group interested. The methodologies used, deadlines, issuing authorities and the programmed actions are respectful with the traditional formulas or usual in their communities are the result of a process of "consultation on the consultation".
- **From the particular to the general, to return in a next cycle from the general to the particular.** In order to ensure the I/T/R, the participation is a continuous process using participatory methodologies differentiated for mainly four groups (PI, Afro-

⁷ ANAM (2014): <http://www.anam.gob.pa/redd/index.php/using-joomla>, 20.11.2014

descendants, rural communities, organizations and national private and public institutions) in order to ensure that the voices of the first three are heard and incorporated. Then the National Committee will have the responsibility to integrate the strategic options and gain consensus.

The National REDD+ Platform plans to systematically go through previous studies conducted during the UN-REDD NP and coupled with the results of the consultations, the Platform will identify the strategic options of the national strategy.

The strategy will consider watersheds as the special unit of environmental planning and as such addressing stakeholders and communities inside and outside of forested areas. The figure below (Figure 2), from the R-PP, illustrates the inclusive process of developing and validating the National REDD+ Strategy.

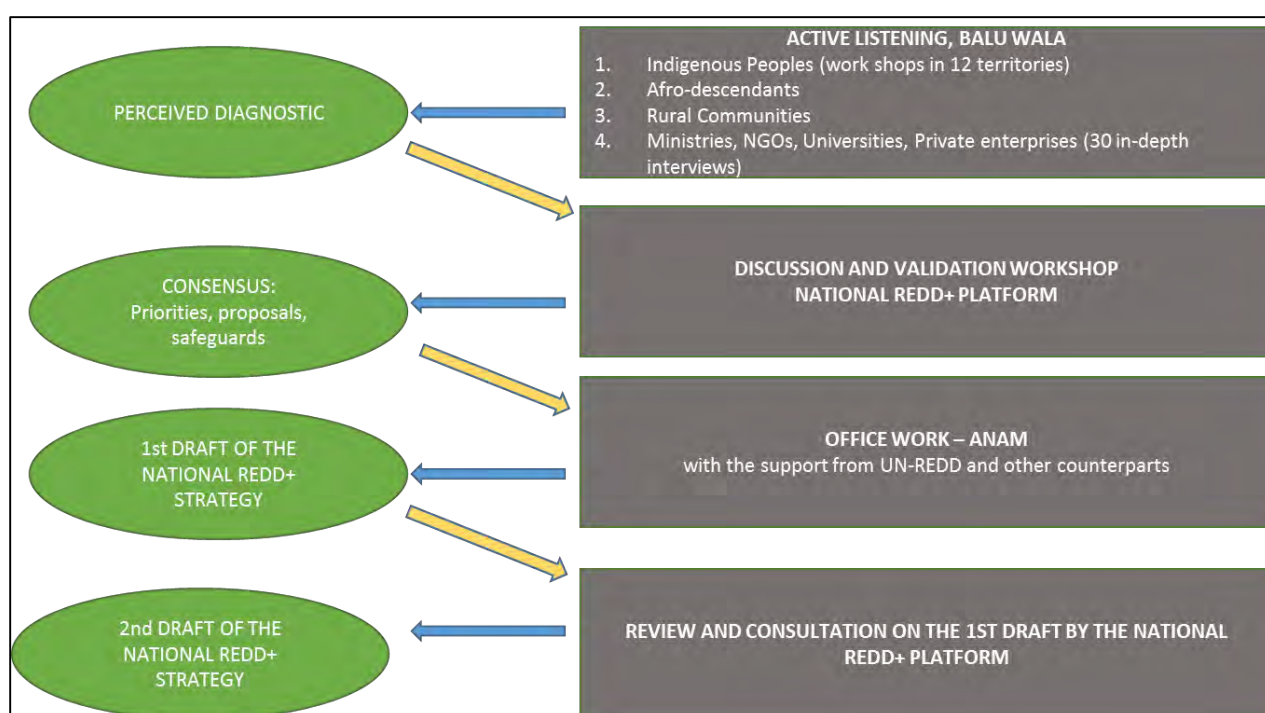


Figure 2: The process of developing the National REDD+ Strategy, phase 1

During the formulation of the R-PP, initial actions to address drivers of deforestation and forest degradation were identified. These proposed draft strategic options are planned be discussed during the Strategic Environmental and Social Assessment (SESA) and are summarized in the following table (table 2).

However these options have not undergone any form of official validation and in a context of institutional “discontinuity” these should be treated as indicative at best.

Table 2: Draft of strategic options for REDD+

Possible options	Suggested actions
Spatial land use planning	<ul style="list-style-type: none"> • Develop agroforestry programs • Introduce practices to enhance agricultural and livestock productivity in areas of agricultural aptitude • Introduce conservation criteria and reduction of deforestation in territorial planning processes. • Incorporate conservation criteria and sustainable forest management in the development of mining and hydropower plants.
Strengthening forestry and environmental governance.	<ul style="list-style-type: none"> • Mainstream conservation and sustainable management through intersectoral coordination • Support territories, collective lands and private owners, to solve conflicts and in order to reduce deforestation.
Development of instruments resulting in the conservation and sustainable management of forests (financial and non-financial).	<ul style="list-style-type: none"> • Strengthen and expand existing environmental incentive programs. Design a benefit distribution mechanism by conservation and sustainable management of forests. • Assess the feasibility of establishing a domestic carbon market. • Improve and expand the application of green certification schemes.
Promotion of the restoration of ecosystems with a watershed focus	<ul style="list-style-type: none"> • Promote sustainable forest management, reforestation, rural and indigenous community development. • Promote capacity-building for forest management, conversion of non-sustainable farming systems, and restoration of riparian corridors. • Manage the forest cover in important watersheds, to improve the interconnection of fragmented forests, protect the biodiversity and mitigate the adverse effects of climate change. • Develop programs of afforestation, reforestation and agro-forest-pasture models.
Strengthen the management of conservation units of the national system of protected areas and buffer zones.	<ul style="list-style-type: none"> • Strengthen the implementation of the management plans for the protected areas. • Strengthen control and surveillance mechanisms in protected areas. • Establish strategic alliances with academia and specialized institutions in order to strengthening research programs.

iii) Institutional Context

National legal framework

The R-PP describes the existing legal framework related to forest and land-use, including a summary of the most relevant policies, laws, strategies and programs.

Panama is a signatory to the Universal Declaration of Human Rights of the United Nations, the Inter-American Declaration of Human Rights and the United Nations Declaration on the Rights of Indigenous Peoples. Being signatory to the latter, the state recognizes the rights of indigenous peoples to own, use, develop and control lands and territories, and the resources they possess, as traditional property; the conservation and protection of the environment and the productive capacity of their lands or territories and resources; and to determine and develop priorities and strategies for their development or use. However, Panama has not ratified the ILO Convention NO 169.

Panama probably was the first country in Latin America to recognize the rights of the Indigenous Peoples (1938). The creation of *Comarcas* (political-administrative division for indigenous territories) grants autonomy to indigenous peoples, as long as they are not in conflict with the national law. The Indigenous Peoples has the right to develop autonomous administrative regimes, taking with its own law and its administrative Charter. The State also acknowledges collective ownership of lands to indigenous peoples outside of the *Comarcas* in some cases but there are still ongoing conflicts over land between indigenous peoples and the State. This level of recognition has, however, been granted to only 5 of the 12 indigenous structures. Besides the *Comarca* recognition, and aimed at recognizing and protecting the remaining territories, the law No. 72 December 23, 2008 was issued due to the long-standing demand of indigenous peoples to recognize the collective ownership of lands traditionally occupied by them. This law, however has not been fully applied and in general, the indigenous territories not recognized as *Comarca* are vulnerable to external threats.

The Law of Public Hearings, of 22 January 2002, provides for mechanisms for participation in administrative decisions, allowing the involvement of citizens in all the acts of the public decision that may affect their interests and rights. If no public consultation has taken place, the decision can be withdrawn.

Relevant Climate Change policies

In 1995, the Republic of Panama adhered to the United Nations Framework Convention on climate change. Since then, some important milestones can be listed:

- Formulation and implementation of the National Program for Climate Change (2001),
- Creation of the Climate Change and Desertification Unit (2006),
- Creation of the National Committee on Climate Change (2009),
- Adoption of the National Climate Change Policy (2007), and its update (2012).

In Panama, environmental protection is governed by Law 41 of 1998, which set the guidelines for the National Environment Policy and created the National Environmental Authority (ANAM), an autonomous governing body of the State in the field of natural resources and the environment (Recio, 2011)⁸. In March 2015, through enactment the Law No 8 /2015 the National Environmental Authority has been transformed into the Ministry of Environment (MIAMBIENTE). This institutional change strengthens the role of the Ministry in key decision making bodies such as the minister cabinet and is likely to better position the environmental agenda at the highest political level.

MIAMBIENTE is in charge of the authorization of the use of forest resources, monitoring compliance, as well as of sanctions. MIAMBIENTE has thus broad responsibilities, and is represented at the national and regional level. Several other entities also interfere in the forestry sector, such as the Ministry of Agricultural Development (MIDA), which has functions related to agricultural activities and the Aquatic Resources Authority of Panama (ARAP), which is in charge of regulating, monitoring and controlling the use, management and conservation of marine and coastal resources, including mangroves, with the exception of those who are in the protected areas under the jurisdiction of MIAMBIENTE (Recio, 2011).

Relevant forest and conservation policies

The forest policy of Panama aims to preserve the remaining forests and the rich biodiversity, as well as ensure the provision of eco-system services, such as drinking water supply and the provision of food, medicines, timber and non-timber forest products, protection against soil erosion and soil fertility. In addition, the forest policy aims to preserve the landscape for recreational, cultural, and spiritual value for the population.

The forest policies includes the establishment of Protected Areas, implementation of international agreements, and guidelines, programmes and the development and the issue of legal standards. One of the most relevant policies for protection of forests was the establishment of Protected Areas and indigenous *Comarcas*, although the latter were not established with the purpose of conserving forests, but to respond to legitimate claims of indigenous peoples. However, these have been instrumental in reducing deforestation and forest degradation (UN-REDD, 2012)⁹. A new forestry law is currently under discussion by the Panamanian authorities.

Institutional arrangements for REDD+ implementation

MIAMBIENTE is the national body in charge of REDD+ and the implementation of the preparation phase in Panama. MIAMBIENTE coordinates national and international initiatives

⁸ Recio, Maria Eugenia (2011). REDD+: Aspectos legales relativos a su aplicación en Panamá. Junio de 2011.

⁹ ONU-REDD (2012). Análisis de impacto de programas para el control de la deforestación en Panamá, in the R-PP (2014).

that provide technical and financial support to the country, also by identifying synergies and complementarity among them.

Besides MIAMBIENTE, other institutions and stakeholders mentioned in the R-PP are listed below. The R-PP is not giving detailed information about all the institutions, and the information below is completed with information from an Institution and Context Analysis (ICA) from 2014:

- **The Inter-Institutional Environment System (SIA)**, created by MIAMBIENTE. SIA is responsible for coordinating, harmonizing, consulting and executing the different programs and activities carried out by sectoral public institutions with an environmental profile, as part of the National Environmental Policy. SIA consists of 20 public institutions, and includes regional, district and provincial advisory committees.
- **The National Forest Management Committee (CONAGEFOR)** is composed of public and private institutions as well as associations. The committee provides advisory services and facilitates and promotes the forest sector in Panama, including the proposing laws.
- **Canal Authority – (Autoridad del Canal (ACP))**. The Panama Canal is of enormous importance to the country as a key contributor to state revenues. In 2013, its contribution was estimated at US\$1.85 billion in tolls alone. The ACP is the government agency assigned to administer the watershed of the Panama Canal. Because of its mandate and the importance of maintaining hydric resources at satisfactory levels to meet the needs of the Canal, the ACP has powerful incentives to engage in actions that protect these resources, which makes it a strategic partner for REDD+.
- **Ministry of Agriculture (Ministerio de Desarrollo Agropecuario (MIDA))**
Given the close linkages between deforestation and agricultural activities, the Ministry of Agriculture is a key counterpart in REDD+ and should be involved in the development of strategic options for REDD+ policies and measures.
- **Ministry of Economy and Finance (Ministerio de Economía y Finanzas (MEF))**
The Ministry of Economy and Finance is tasked with channeling policies related to MIAMBIENTE to the President for approval and is therefore a key stakeholder in any matters involving ANAM, as it is the only ministry with a legal mandate to advocate on its behalf. It is considered a strong Ministry.
- **Ministry of Commerce and Industry (Ministerio de Comercio e Industrias (MICI))**
The Ministry of Commerce and Industry has been a driving force behind the promotion of Corporate Social Responsibility through ISO 26000. It recognizes that environmental considerations and climate change are linked and climate change affects industrial activities and exports adversely. It sees as part of its mission to support industries to make investments that will create jobs and better life quality and is keen to raise

awareness about CSR as well as sustainable development to remain competitive in the global market.

- **Ministry of the Presidency (Ministerio de la Presidencia (MP))**
The Ministry acts as a coordinating body for the President and his Cabinet, and the Minister as the President's Chief of Staff. It issues communications to public bodies on behalf of the President. I
- **Panama's Indigenous Peoples Coordinating Body (Coordinadora Nacional de los Pueblos indígenas de Panamá (COONAPIP))**
COONAPIP, was formed in 1991, in their struggles of demand and vindication of their rights as peoples. COONAPIP is an interethnic platform for dialogue among indigenous peoples that represent most of the indigenous territories. COONAPIP doesn't have a legal status in Panama. The organization is an implementing partner of REDD+.
- **The National REDD + Platform** (Mesa Nacional REDD+) was formed in 2012 and is a space for dialogue. The platform has no mandate to take decisions. The platform is composed of representatives from public institutions, civil society, indigenous peoples, afro-descendants, peasants and other key stakeholders. The platform held three workshops between 2012 and July 2014, which included sessions on Monitoring, Measurement Reporting and Verification (MRV), social, economic and institutional issues, early action, communication and training.
- **The REDD+ Steering Committee** (not included in the R-PP), was established in 2012, with representatives from the three UN agencies (UNEP, FAO and UNDP), MIAMBIENTE and the Ministry of Economy and Finance. This space has been important, according to the Mid-term Evaluation conducted in 2013, for discussing work plans and progress, but not for decision making and conflict resolution.

The roles and responsibilities of the different institutions and stakeholders could have been better explained in the R-PP, as well as the institutional anchorage of REDD+, for as for decision making and the role of COONAPIP. It is recommended that the roles and responsibilities of the institutions are better defined in the project document, for example in an organigram with clear roles, reporting and communication lines.

II. PROJECT CONTEXT

A. CONCEPT

i) Description

MIAMBIENTE with the UN-REDD agencies have been working actively to update and finalize the R-PP. Panama then submitted a revised R-PP to the FCPF Facility Management Team (FMT) on September 19, 2014. The R-PP went through a completeness check by the FMT. This was not formally required for Panama, but the FMT agreed with MIAMBIENTE and UNDP, the implementing agency to carry out an informal review. The table below presents the main issues raised in the Summary Report *PC Discussions of Panama's Readiness Preparation Proposal*.

Table 3: Summary of the completeness check of Panama's R-PP

Issue to be addressed	Response in the revised R-PP	FMT comments
Continue to develop stakeholder consultations and participation of local communities of the development and implementation of the R-PP, including representatives from forest-dependent indigenous peoples and other forest dwellers, and civil society organizations, in particular COONAPIP.	<ul style="list-style-type: none">• On Section 1b, the R-PP defines four key stakeholder groups: indigenous peoples, African descendant groups, campesinos and other forest-dependent communities. COONAPIP and ANAM signed a framework agreement to collaborate in a broad environmental agenda that encompasses REDD+. This agreement includes the establishment of coordination mechanisms to facilitate social inclusion, among others.• On section 1c, the R-PP describes the Participation and Consultation Plan. The first phase (elaboration) is expected to be finalized by the end of 2014, with a first draft of the REDD+ strategy. The validation phase will be carried out in 2015-2016 and includes 5 steps from consulting the validation process itself to a large public consultation, as per the Panamanian law.• In addition, the R-PP presents results obtained from a diagnostic exercise of local perceptions on deforestation, which will feed into the strategic options.	Item complete
Improve the analysis of all direct and indirect drivers of deforestation, including their identification and geographical location, both inside and outside of the forest sector	<ul style="list-style-type: none">• Section 2a presents preliminary results of technical analysis of direct and underlying drivers of deforestation. It also presents land use patterns in different provinces of Panama.	Item complete
Evaluate the efficacy of past policies and their contribution to the	<ul style="list-style-type: none">• Section 2a presents results of a study of past efforts to halt deforestation. The R-PP presents a compilation of 30 policies, programs, and projects carried out	Item complete

Issue to be addressed	Response in the revised R-PP	FMT comments
observed reduction in deforestation	during the last 30 years that have had an impact on deforestation. The R-PP present both positive and negative lessons learned from these initiatives, highlighting the negative impact of a limited and persistent cross-sectoral coordination.	
Improve the estimates of the costs of REDD	<ul style="list-style-type: none"> Section 2a refers to preliminary results of a technical analysis of land opportunity cost developed for 5 regions of the country. This study is expected to be finalized in 2014 to refine the initial list of strategy options. 	Item complete
Give proper consideration to land tenure disputes as obstacles to a future REDD strategy	<ul style="list-style-type: none"> The first phase on an analysis of the existing legal framework for REDD+ in Panama has been carried out. Results of this study highlighted challenges in priority regions, but also some progress of existing programs (i.e., PRONAT), and institutions (e.g., ANATI). The second phase is expected to be finalized with FCPF funding. 	Item complete
Align the strategies to reduce deforestation with the improved analysis	<ul style="list-style-type: none"> Section 2b includes an initial list of strategy options that will be discussed with key stakeholders during the readiness process. These strategy options will be informed by ongoing technical studies and also by recommendations obtained from the “<i>Escucha Activa</i>”, one of the first phases of the Participation and Consultation Plan. 	Item complete
Conduct a legal review of the issue of carbon ownership, taking into account the views of concerned stakeholders and being mindful of not creating disincentives for conservation	<ul style="list-style-type: none"> The second phase of the above-mentioned legal analysis is expected to shed light on the legal framework for the implementation of REDD+, which includes carbon ownership matters. The view of key stakeholders on this matter will be collected through the Participation and Consultation Plan. 	Item complete
Develop and elaborate on strategies and safeguards to ensure that REDD projects and programs do not adversely affect biodiversity and other forest ecosystem services, the livelihoods of forest-dependent indigenous peoples and other forest dwellers.	<ul style="list-style-type: none"> Section 2d outlines a work plan to carry out SESA and produce an ESMF. 	Item complete

The completeness check also includes the following recommendations:

- In all sections, resolve discrepancies between activities listed in the budget tables and activities needed. The activities listed in the budget tables often do not address the needs described in the narrative of sub-components of the R-PP. Also, the fact that usually one item includes several activities makes the budget unclear.

- To maximize the collaboration of different donors and agencies, consider using the FCPF resources to support activities that focus on the Strategic Environment and Social Assessment (SESA), the Environment and Social Management Framework (ESMF), the Feedback Grievance and Redress Mechanism (FGRM), the Safeguards Information System (SIS), and the development of the REDD+ strategy itself.
- Streamline the budget by avoiding repetition of items across components (i.e., the legal analysis of legal aspects of REDD+ and capacity building).
- Set aside some funding to undertake activities leading to improve cross-sectoral coordination, as this was a highlight result of the lessons learned analysis from past policies, programs and projects related with the forest sector.

Status and lessons learned from REDD+ Readiness initiatives in Panama

The main progress and results from the UN-REDD NP are described under the section on National REDD+ developments. Panama's REDD+ readiness process is supported by:

FCPF: US\$ 3.8 M

UN-REDD: US\$5.3 M

Government of Panama: US\$ 3.1 M

GIZ Regional: US\$ 0.4 M

Others: US\$ 1.4 M

Table 4: Initiatives supporting implementation Panama's REDD+ readiness phase

Components	Major supporting initiatives/programs				
	UN-REDD	FCPF	GoP	GIZ	CAF
Component 1: Organize and consult stakeholders.	XX		XX		
Component 2: Prepare the Panama National REDD+ strategy.	X	X	XX		
Component 3: Development of a national emission reference level or a national forest emission level.	X	X	XX		
Component 4: Design of a national forest monitoring system and a safeguard information system.	XX		XX	X	X

XX: principle role

X: secondary role

Lessons Learned from the UN-REDD National Programme

The UN-REDD NP independent investigation and mid-term evaluation provided important recommendations that were taken on board in the revised version of the R-PP and will be considered for the project's design and implementation. Main lessons learned are listed below:

- The conflict and the withdrawal of COONAPIP from the programme can be explained by the fact that high expectations of full participation were created in the very beginning of the process, but several of the initial commitments were highly dependent on political will, outside of the scope of the programme operative unit or the UN-REDD agencies.
- The design of the program had a number of contradictions and gaps, including:
 - Aspirations of a joint programme with FCPF, which did not materialize, due to difficulties on addressing the TAP recommendations and revising R-PP.

- Large gaps in terms of defining the guidelines applicable to UN-REDD, and to define the mechanisms of leadership, management and budget frameworks with respect to the expected results of the other stakeholders.
- Lack of coherence, vision and orientation, eg. with respect to analysis and the operationalization of the program.
- The UN-REDD Stakeholder Engagement guidelines were in the design phase at the time of the implementation of the programme
- Important guidelines for REDD+ under the UNFCCC were still in negotiation, in particular REDD+ safeguards (agreed in 2010, after the project was designed), hence were not properly incorporated in the project:
- COONAPIP was chosen as a national communication channel with IPs before undertaking a stakeholder mapping at national level or analyzing the institutional capacities of the platform.
- Unrealistic expectations in terms of what the programme could deliver, in its formulation, for example secure tenure right for IPs, and the budget for these activities.
- National REDD+ platform was not operational from 2011-2013, and IPs did not participated of IPs in the UN-REDD NP Steering Committee.
- Lack of information about REDD+ by IPs as a result of unclear responsibilities and division of roles between the UN-REDD and COONAPIP, where the latter were given the responsibility to do the consultation. It was underscored by the independent evaluation that a clear separation of roles should be drawn between the general need to give information, which should be assured by UN-REDD, and the internal consultation about REDD+, which should be done by the IPs themselves, but as an integral part of the UN-REDD NP.

Beyond these lessons, the regional UNDP REDD+ team also notes the following lessons from the NJP. Lessons which in its view have not been fully internalized by the counterpart.

- The program was initiated without a clear answer as to 'Why' Panama wanted to participate in REDD+. The initial political support was weak, there was no background and convincing rationale.
- There has been some progress on "How" Panama intends to implement REDD+ (what has been referred to as the *implementation framework* by the FCPF). Indeed Panama has been examining the possibility of creating a domestic demand for forestry related offsets and has examined issued related to the legal framework required. .
- However, there has been no clear definition of "What" Panama aims to achieve with REDD+ through the National Programme, no action lines, priority REDD+ policies and measures have been identified clearly through the UN-REDD Programme.
- The UN-REDD Programme has struggled to embed REDD+ into domestic policy priorities. For example, the Alliance for a Million Hectares, a large recent government reforestation program, has not been conceptually associated with the REDD+ process until very recently despite its relevance highlighting the lack of coordination capacity of the counterpart. Another example is the initiative to create a domestic demand for forestry offsets which has led MIAMBIENTE to prioritize "how" over "what" and has

distracted Panama from fulfilling the UNFCCC requirement of developing a National Strategy or Action Plan for REDD+.

- While inputs have been produced separately with support from the UN Agencies, the counterpart has been unable to ensure full integration of relevant information and technical inputs in the process of developing a National REDD+ Strategy. Furthermore there has been no significant efforts to develop the strategy engaging key actors beyond IPs and no political validation beyond ANAM which currently impedes a proper assessment of the viability of any policies and measures despite having benefited from a multiple years of readiness support.

ii) Project Stakeholder Assessment

Implementation of REDD+ in Panama has potential positive and negative impacts on a wide number of stakeholders. A detailed understanding of these stakeholder groups, their interests and how they will be impacted by any potential activities for REDD+ is important for a future mechanism to be efficient, effective and equitable. An Institutional and Context Analysis (ICA) was conducted for Panama under the UN-REDD NP. The below information seeks to provide an overview of key stakeholder groups and key issues for the REDD+ process:

Government institutions and agencies

Panama has a heavily centralized political system. By law, the President appoints all Ministers from his own party and is responsible for the approval of any public policies on the social and economic development of the country, including policies on the environment. This happens by Presidential decree. In other words, the President does not support a certain policy, it is unlikely that it will be approved or implemented. Environmental issues have had a low priority in recent years. The newly elected president, however, has committed to the reforestation of one million hectares. In a speech held in October 2014, he committed to sustainable forest management, certification and the restoration of water sheds. The alliance of the reforestation of 1 Million hectares is a public-private partnership between NGO's, the private sector and government agencies.

The Ministry of the Environment (MIAMBIENTE) is the national counterpart and leads the REDD+ process in Panama. MIAMBIENTE (formerly ANAM) has been involved in REDD since 2008 and has good technical staff. ANAM's UN-REDD focal point played a key role in resolving the conflict with COONAPIP in the past. At the same time, the agency is riddled with challenges, some of which may have serious consequences for the implementation of future activities as well the REDD+ National Strategy. The Institution and Context Analysis identified challenges, among those the lack of ownership to the REDD+ process, institutional ineffectiveness and lack of national leadership.

After the presidential elections in May 2014, the new Government decided to address some of the abovementioned challenges and to give ANAM ministerial status, as the Ministry of Environment. REDD+ has been moved to the Climate Change Unit of ANAM. ANAM has also

identified the REDD+ objectives of Panama something that has been absent in previous documents. The objectives are as follows:

- Promote and strengthen national capacities for sustainable forest management.
- Conserve and restore natural forests for the benefit of rural communities.

The National REDD+ Platform (Mesa Nacional) is given a key role in the process of consultation and public validation of the REDD+ National Strategy. The R-PP is not providing any details about the composition, the procedures, and the structure of this Committee. However, the last meeting was well attended with representation of the country's key REDD+ stakeholders.

Civil society: Until 2013, the participation of stakeholders in the REDD+ process in Panama with the exception of indigenous people was a process of mere information, since it has incurred in carrying out national round tables presenting progress and studies. For some specific cases, the civil society has participated in discussions of how to address economic issues, safeguards and MRV. But they have been weakened by the partial suspension of the project. The "Active Listening" has however involved the SCO more actively, involving IPs, peasants, Afro descendants, NGOs and the Government.

Except from COONAPIP, some peasant organizations and afro descendent leaders participate in the National REDD+ Committee, but they lack a national structure, and thus a lack of clarity around its representation persists, which limits the effective participation. The Livestock Association and some NGOs also participate, but also with little clarity around their participation. Representatives of Afro communities face the same problem of legitimacy.

The revised UN-REDD NP will support the creation of a protocol for consultation and for FPIC for all the interested communities, in compliance with the FPIC guidelines. Having said that, in Panama like in most of the countries of LAC, there are a lot of issues of legitimacy and representativeness amongst IP groups, some challenges of coordination and articulation between local and national groups, and influences from actors outside the country.

In order to ensure full and effective participation, the GoP has established several spaces of dialogues such as: The National Platform (mentioned above) and the Steering Committee of UN-REDD, by the three agencies, ANAM and a representative of COONAPIP. Panama also has a Political Roundtable on Development, where the state is meeting with the leaders of the territories. There is a recent opening from the state to work with Indigenous Peoples, but exactly how is still unclear. The overall macro policies of the government impact the relationship between COONAPIP and the State. REDD+ is affected indirectly by this relationship.

- **Private Sector** –The GoP see the private sector as a partner both in the development and the validation of the REDD+ National Strategy. The private sector is actively engaged in the 1 Million hectares planting project. However, apart from the reference to the pilot project,

the R-PP only refer to the private sector as a consultation body and a partner in certification schemes.

iii) **Key Risks and Issues**

The biggest risk to the successful implementation of activities foreseen in the reformulated project document and results framework—is that they may just not work successfully due to lack of interest from other government actors and/or further conflict involving IPs and government agencies, (ICA, 2014).

Given the turbulent history of the UN-REDD NP, and the very negative repercussions to the image of the UN and in particular UN-REDD caused by previous problems with ANAM and COONAPIP in Panama, it would be advisable to proceed with prudence in order to avoid more unmet expectations by partners.

Another key risk issue is the absence of a clear definition of the roles and responsibilities of the institutions involved in REDD+. In the mid-term evaluation, one of the main lessons learned were the improper design of the UN-REDD NP, and the unclear roles and responsibilities between the stakeholders involved. The R-PP defines ANAM as the Government body responsible for coordination, and referring to “using the inter-institutional coordination mechanisms”. This contributed in part to the conflict between COONAPIP, ANAM and UN-REDD.

There are many reputational risks for the UNDP:

- One such risk is that MIAMBIENTE does not commit in full to fulfilling requirements to access results-based payments under the UNFCCC. After a full NJP, a UNEP targeted support and an FCPF readiness grant, such a results would jeopardize UNDP’s global reputation as an agency capable of supporting REDD+ readiness.
- Another risk pertains to REDD+ readiness in Panama being instrumentalized by outside actors. Panama has been working more closely with the Coalition of Rainforest Nations which in a recent workshop hosted by FAO in the context of the UN-REDD NJP has challenged the validity of the work done by the FAO in support of the FREL/FRL and NFMS. Such a challenge is both counterproductive and is deliberately aimed at weakening the perceived value of FAO technical inputs. UNDP should not be perceived to be associated with such efforts.

Another risk is that the National Strategy Developed will not find international finance due to either insufficient quality (e.g. policies and measures proposed are not perceived by international experts as addressing the drivers of deforestation, forest degradation and barriers to increases in forest carbon stocks., or due to a lack of opportunities in the international REDD+ context. Managing expectations of the counterpart and other national stakeholders will be key in this regard.

Finally, there is a risk associated with the limited capacity of the counterpart and the UNDP country office to engage in a demanding process like REDD+ readiness. This is evidenced by the fact that valid inputs have been produced with support from the UN Agencies in the context of the NJP and other actors, the counterpart has been unable to ensure the integration of relevant information and technical inputs in the process of developing a National REDD+ Strategy despite having benefited from a multiple years of readiness support. UNDP the agency in charge of supporting the Strategy Development process has struggled to structure the process in a way that would facilitate the task of the counterpart.

B. IMPLEMENTING PARTNER ASSESSMENT

The recently created Ministry of Environment is the Implementing Partner. It is the Panamanian State's Lead Agency for the protection, conservation, preservation and restoration of the environment, and the sustainable use of natural resources, to ensure compliance and law enforcement as well as the implementation National Environment Policy. It is responsible for the national protected areas, forest resources, watershed management, environmental impact assessment, land-use zoning, and genetic resources. It also coordinates the National Environment Inter-institutional System in which other Ministries participate.

A capacity assessment for the Ministry of Environment is shown in Annex I, whose overall assessment is low-risk.

C. IMPLEMENTATION ARRANGEMENTS

Oversight of FCPF Activities. FCPF activities, performance and results will be overseen by a Programme Steering Committee (PSC). This PSC includes representatives from the Ministry of Environment, civil society organizations, Indigenous Peoples organizations, and UNDP. The PSC reports to the National REDD+ Table and also to the National Climate Change Committee (NCCC).

Management of FCPF Activities. The FCPF activities will be managed by the Ministry of Environment as implementing partner under the NIM modality. Compared with the implementation arrangements for UN-REDD (DIM), this represents a simplified arrangement, incorporating the lessons learned from UN-REDD about the difficulty of making progress under complex implementation arrangements.

Administration of FCPF Activities. A project coordinator will be the primary responsible of administering the FCPF activities. There will be a project implementing unit consisting of a monitoring and evaluation specialist and an administrative assistant, in addition of professional and administrative staff seconded from the Ministry of Environment.

III. PROPOSED PROJECT RESULTS FRAMEWORK

It is proposed that the FCPF focuses on the completing the REDD+ readiness process, which was initiated with support from the UN-REDD Programme. The key results include: finalization and validation of Panama's REDD strategy; development of the forest reference emissions level/forest reference level and submission to the UNFCCC; operationalizing the national forest monitoring system; and designing the national safeguards information system.

6. Monitoring and evaluation framework

A. Proposed Objective

Consolidate Panama's REDD+ readiness process with technical standards and in a participatory manner, towards achieving finance for implementing the National REDD+ Strategy

B. Key Results

Outputs	Output Indicators	Baseline	Target	Indicative Activities	Responsible and Co-responsible Parties	Inputs
Component 1: Organization and Consultation						
1.1. Platform established for intersectoral and multi-stakeholder participation representative and inclusive of key stakeholders	1.1.a. Level of representative participation of key stakeholders (private and public institutions and organizations; indigenous peoples, Afro-descendent communities, peasant families; and women's	1.1.a. Results of the active listening exercise conducted by the UN-REDD NJP with key stakeholders in the differentiated channels. 1.1.b. The Panama National REDD+ Board partially ensures key	1.1.a. Full representative participation of key stakeholders on the Panama National REDD+ Board. 1.1.b. High degree of joint influence of key stakeholders on forest	1.1.a. Elaboration of participative methodologies for the intersectoral platform and multiple key stakeholders on the Panama National REDD+ Board. 1.1.b. Establishment of participation mechanisms for the identified key stakeholders in the differentiated channels of the UN-REDD NJP: a)	MiAmbiente, UNDP with key stakeholders	

Outputs	Output Indicators	Baseline	Target	Indicative Activities	Responsible and Co-responsible Parties	Inputs
	<p>empowerment) at the national, regional and local levels in the established platform (Panama National REDD+ Board, others).</p> <p>1.1.b. Degree of joint influence of key stakeholders on forest management policy decisions.</p> <p>1.1.c. Degree of influence on the treatment of gender equality and women empowerment in REDD+ Panama.</p>	<p>stakeholder participation at the national, regional and local levels.</p> <p>1.1.c. Key stakeholders are not jointly and effectively involved in forest management decisions.</p>	<p>management policy decisions.</p> <p>1.1.c. The active participation of key stakeholders adds value to the REDD readiness phase and especially to the safeguard information system.</p>	<p>public and private institutions and organizations, b) indigenous peoples, c) Afro-descendent communities, d) peasant families, and e) gender group and women's empowerment.</p>		
1.2. Key stakeholders have knowledge and information for ensuring effective consultation and implementation of the Panama National REDD+ Strategy.	1.2.a. Level of knowledge acquired by key stakeholders of the core issues of the Panama National REDD+ Strategy.	1.2.a. To be defined.	1.2.a. To be defined.	<p>1.2.a. Capacity-building needs diagnostic.</p> <p>1.2.b. Preparation of the capacity-building plan.</p> <p>1.2.c. Execution of the capacity-building plan.</p>	MiAmbiente, UNDP with key stakeholders	

Outputs	Output Indicators	Baseline	Target	Indicative Activities	Responsible and Co-responsible Parties	Inputs
1.3. The communication and dissemination strategy implemented in the readiness phase for reducing emissions from deforestation and forest degradation.	1.3.a. Level of incidence of the communication and dissemination strategy in sensitive deforestation and forest degradation areas.	13.a. Low incidence of communication and dissemination in sensitive areas for reversing deforestation and forest degradation.	1.3.a. High level of incidence among key stakeholders in preparing for readiness for reducing emissions from deforestation and forest degradation.	1.3.a. Preparation of the communication and dissemination strategy. 1.3.b. Execution of the communication and dissemination strategy. 1.3.c. Dissemination and awareness-raising of drivers for deforestation and forest degradation among a more general public.	MiAmbiente, UNDP with key stakeholders	
1.4. National REDD+ Strategy validated.	1.4.a. Level of representativeness of key stakeholders who have validated the Panama National REDD+ Strategy.	1.4.a. Representative validation of the Panama National REDD+ Strategy has not yet started.	1.4.a. High level of representativeness of key stakeholders who have validated the Panama National REDD+ Strategy.	1.4.a. Continuous implementation of the Public Participation Plan. 1.4.b. Consensual planning for validation of the REDD+ Strategy with key stakeholders. 1.4.c. Meeting of the Panama National REDD+ Board for validation of the REDD+ Strategy. 1.4.d. Establishment of internal dialogue and decision-making by key stakeholders. 1.4.e. Final public consultation.	MiAmbiente, UNDP with key stakeholders	

Outputs	Output Indicators	Baseline	Target	Indicative Activities	Responsible and Co-responsible Parties	Inputs
1.5. Establishment of the Panama REDD+ Grievance Mechanism.	1.5.a. Percentage of complaints resolved transparently and in a timely manner.	1.5.a. No grievance mechanism exists.	1.5.a. To be defined.	1.5.a. Design of the Panama REDD+ Grievance Mechanism. 1.5.b. Training of officers and key stakeholders for its implementation. 1.5.c. Operation of the Panama REDD+ Grievance Mechanism.	MiAmbiente, UNDP with key stakeholders	
Component 2: Preparation of the Panama National REDD+ Strategy						
2.1. Panama National REDD+ Strategy established.	2.1.a. Level of viability of strategic options for reducing emissions from deforestation and forest degradation and improving forest conservation. 2.1.b. Degree of correspondence of the National REDD+ Strategy with the drivers of deforestation and forest degradation and barriers to increased forest carbon stocks in Panama.	2.1.a. Draft of the Panama National REDD+ Strategy.	2.1.a. High level of viability of the strategic options contained in the official Panama National REDD+ Strategy.	2.1.a. Strategic Environmental and Social Assessment (SESA) carried out for Panama REDD+ strategic options. 2.1.b. Development of the Environmental and Social Management Framework (ESMF). 2.1.c. Final elaboration of the Panama National REDD+ Strategy in conjunction with key stakeholders. 2.1.d. Officialization of the Panama National REDD+ Strategy.	MiAmbiente, UNDP with key stakeholders	

Outputs	Output Indicators	Baseline	Target	Indicative Activities	Responsible and Co-responsible Parties	Inputs
2.2. REDD+ legal and operational framework established within the State's environmental policy.	2.2.a. Degree of sufficiency of the REDD legal and operational framework for pushing ahead with REDD+ activities.	2.2.a. A draft REDD+ legal and operational framework exists.	2.2.a. Legal and operational framework established for REDD+ implementation in Panama.	2.2.a. Elaboration of operational plans for REDD+ implementation in Panama, which include the respective proposed institutional arrangements. 2.2.b. Generation of mechanisms for the adaptation of the legal and operational framework for implementation of the Panama REDD+ Strategy, linked to the State's environmental policy.	MiAmbiente, UNDP with key stakeholders	
2.3. National financial mechanism in operation for attracting funding and sharing benefits.	2.3.a. Level of quality and sufficiency of the budget for operation of the national financial mechanism for attracting funding and sharing benefits. 2.3.b. Composition of the participation of agencies committed to the national financial mechanism for attracting funding and sharing benefits. 2.3.c. Degree of effectiveness in accountability and fund management.	2.3.a. To be defined. 2.3.b. To be defined.	2.3.a. To be defined. 2.3.b. To be defined.	2.3.a. Elaboration of a sustainability proposal for the Panama REDD+ financial instrument(s). 2.3.b. Elaboration of the financial mechanism's operational procedures, interoperability and national/international cooperation. 2.3.c. Establishment of the national financial mechanism for attracting funding and sharing benefits.	MiAmbiente, UNDP with key stakeholders	

Outputs	Output Indicators	Baseline	Target	Indicative Activities	Responsible and Co-responsible Parties	Inputs
		2.3.c. To be defined.	2.3.c. To be defined.			
Component 3: Development of a National Forest Reference Emission Level or a National Forest Reference Level						
3.1. Elaboration of the national forest reference level through broad and participative dialogue.	<p>3.1.a. Numerical values of the NFREL/NFRL.</p> <p>3.1.b. Level of national representativeness for elaboration of the NFREL/NFRL.</p>	<p>3.1.a. No national reference level exists.</p> <p>3.1.b. No national representativeness process exists for elaboration of the NFREL/NFRL.</p>	<p>3.1.a. Numerical values available for the NFREL/NFRL.</p> <p>3.1.b. All sectors and territories are nationally represented for contributing to elaboration of the NFREL/NFRL.</p>	<p>3.1.a. Methodological design for elaboration of the reference level.</p> <p>3.1.b. Elaboration of the technical drafts of the NFREL/NFRL, including contributions from the participative process.</p> <p>3.1.c. Review and adjustments of the technical NFREL/NFRL drafts, including contributions from the participation process and policy considerations.</p>	MiAmbiente and UNDP with key stakeholders	
3.2. National NFREL/NFRL agreed upon and submitted to UNFCCC for technical assessment.	3.2.a. Numerical values of the Panama NFREL/NFRL submitted to UNFCCC for technical assessment.	3.2.a. No NFREL/NFRL numerical values have been submitted to UNFCCC for technical assessment.	3.2.a. Panama NFREL/NFRL numerical values available and submitted to UNFCCC for technical assessment.	<p>3.2.a. Presentation and national validation of the NFREL/NFRL.</p> <p>3.2.b. Submission of the NFREL/NFRL to UNFCCC.</p>	MiAmbiente and UNDP with key stakeholders	

Outputs	Output Indicators	Baseline	Target	Indicative Activities	Responsible and Co-responsible Parties	Inputs
Component 4: National Forest Monitoring System and Safeguard Information System						
4.1. National Forest Monitoring System (NFMS) operational in the institutional framework.	<p>4.1.a. Number of deforested hectares by forest type in Panama, determined for one period (annual/biannual).</p> <p>4.1.b. Number of sample units (SU) of the National Forest Carbon Inventory (NFCI) collected and analyzed.</p> <p>4.1.c. Numerical value of GHG emissions in the Land Use and Land-Use Change and Forestry sector (LULUCF).</p> <p>4.1.d. Capacity and sufficiency level of institutional staff responsible for the NFMS.</p>	<p>4.1.a. No record exists of the number of deforested hectares by forest type.</p> <p>4.1.b.1. Thirty-six (36) sample units analyzed in the NFCI pilot phase.</p> <p>4.1.b.2. No sample units have been collected and analyzed in the second phase of the National Inventory.</p> <p>4.1.c. The GHG for the LULUCF sector in Panama is from the year 2000.</p> <p>4.1.d. Six (6) technicians assigned to the activities that will be part of the NFMS.</p>	<p>4.1.a. Deforested hectare data by forest type in one period (annual/biannual).</p> <p>4.1.b.1. Data of the SUs collected and analyzed for the NFCI pilot phase (first phase).</p> <p>4.1.b.2. SUs collected and analyzed for the National Forest Carbon Inventory (second phase).</p> <p>4.1.c. Numerical value of GHG for the LULUCF sector generated periodically as part of the NFMS.</p> <p>4.1.d. Twelve (12) technicians trained for participating in the NFMS.</p>	<p>4.1.a. Define NFMS scopes and organizational and operational structure.</p> <p>4.1.b. Training and education aimed at key staff for NFMS operation in the different state agencies responsible for the system.</p> <p>4.1.c. Establishment of baselines and periodic reporting based on the three NFMS subcomponents: Land Monitoring; National Forest Carbon Inventory (NFCI); and Greenhouse Gas Inventory.</p>	MiAmbiente and UNDP with key stakeholders	

Outputs	Output Indicators	Baseline	Target	Indicative Activities	Responsible and Co-responsible Parties	Inputs
4.2. Safeguard Information System (SIS) designed.	<p>4.2.a. Diagnostic and assessment of social and environmental standards.</p> <p>4.2.b. Indicators and verification means defined for the Safeguard Information System.</p> <p>4.2.c. Mechanism for compliance with established social and environmental standards.</p>	<p>4.2.a. No defined social and environmental standards exist.</p> <p>4.2.b. No indicators or verification means exist for the Safeguard Information System.</p> <p>4.2.c. No mechanism exists for compliance with established social and environmental standards.</p>	<p>4.2.a. Social and environmental diagnostic for design of the Safeguard Information System (SIS).</p> <p>4.2.b. Indicators and verification means are available for design of the Safeguard Information System.</p> <p>4.2.c. A mechanism is available for compliance with established social and environmental standards.</p>	<p>4.2.a. Elaboration of the conceptual and methodological framework for development of a National Safeguard System / SIS.</p> <p>4.2.b. Participative construction of indicators and verification means for the Safeguard Information System.</p> <p>4.2.c. Establishment of the mechanism for compliance with social and environmental standards in the design of the SIS.</p>	MiAmbiente and UNDP with key stakeholders	

IV. OVERALL RISK RATINGS

Changing the status quo on environmental issues in a country that has been served so well economically by a growth model that is driven by service sector and where deforestation was low on the agenda is admittedly not easy.

Firstly, the biggest risk to the successful implementation of activities foreseen in the latest version of the R-PP - is that they may just not work succeed due to lack of interest from other government actors and/or further conflict involving IPs and government agencies.

A complete risk assessment matrix is presented in Table 5.

Table 5: Risk Assessment Matrix

No.	Description of Risk	Date Identified	Type of Risk	Description of Risk Impact Probability (P) & Impact (I) 1: low, 5: high	Mitigation Measures / Management Response	Property (Who must monitor Risk)	Owner	Submitted / Updated By	Last Update
1	Limitations for complying with World Bank requirements on common approach for implementing partners, given NIM implementation	May 2015	Strategic	There are a series of World Bank requirements for implementing partners, particularly the application of social and environmental safeguards and standards, that if not met could activate the grievance mechanisms and even paralyze activities. P = 3 I = 5	UNDP as the implementing partner will make a presentation to the Ministry authorities and Project Board on the WB requirements under the common approach and they will agree on specific risk management actions and measures and on the application of mitigating measures. Activities related to the design of conflict prevention and management measures will be prioritized. Periodic monitoring activities on the application of UNDP social and environmental standards within the monitoring and assessment project will be applied	UNDP		Irina Madrid / Clea Paz- UNDP	May 2015
2	Activation of conflicts with key actors	May 2015	Strategic Political	/ Risk of activating the conflict prevention and management mechanism because of grievances and/or controversies by organized groups and key actors. P = 3 I = 5	Based on UN-REDD Program experiences, there is always the risk of receiving unconformities because from the IP. Panama government institutions have very incipient mechanisms in place on the subject of grievances and conflict resolution. Consequently, there was a mission by an international expert in April 2015 to conduct research into what currently exists, at MIAMBIENTE, and at other institutions, in order to make recommendations on designing the conflict prevention and management mechanism for MIAMBIENTE. Stay aware that the controversial issues are: land delimitation and titling; assignment of natural resource concessions, without free, prior and informed consultation, etc. As the conflict prevention and management mechanism is implemented through a simple direct process based on transparency, respect and accountability, to share ideas, proposals, concerns and even grievances that are then analyzed and a response given in a reasonable time. UNDP documentation of the commitments, resolutions and monitoring of the above.	MIAMBIENTE/ UNDP		Irina Madrid / Clea Paz- UNDP	May 2015

No.	Description of Risk	Date Identified	Type of Risk	Description of Risk Impact Probability (P) & Impact (I) 1: low. 5: high	Mitigation Measures / Management Response	Property (Who must monitor Risk)	Owner	Submitted / Updated By	Last Update
3	Impact on citizen and key actor perception of the project.	May 2015	Reputation	If public opinion on the project became negative. P = 3 I = 5	Clearly define the functions and responsibilities of MIAMBIENTE, UNDP and the key actors. Define a mechanism to regulate and manage discussions, differences and possible conflicts with the National REDD+ Roundtable and the position of this platform as a key point of entry for all stakeholders to share their points of view. Define the communication channels and participation and consultation arenas for decision making. In particular, explain how communication should flow between the traditional indigenous authorities, COONAPIP, MIAMBIENTE and UNDP. Ensure that this information is available to the public, known and agreed to by the key actors and stakeholders.	MIAMBIENTE/ UNDP		Irina Madrid – Pierre Ives UNDP	May 2015
4	Lack of consensus for validation of a solid feasible National REDD+ Panama Strategy.	May 2015	Strategic	New proposals reduce the viability of the design and preparation of a REDD Strategy with key actors P = 3 I = 5	Make all of the information on new proposals for the preparation and validation of the REDD+ Strategy available on a transparent channel on the MIAMBIENTE web page. Keep the intersectoral and multi-actor participation platform representative of key actors related to decision making during the REDD+ preparation stage active. Put the FCPF-UN-REDD program guidelines for stakeholders into practice as provided under the REDD+ Program Participation and Consultation. ¹⁰ Conduct the Strategic Environmental and Social Assessment (SESA) and develop the Environmental and Social Management Framework (ESMF) In conjunction with key actors, prepare the information safeguards system. Comply with FCPF advice on transparency, information disclosure, accountability and conflict prevention and management mechanism.	MIAMBIENTE		Irina Madrid / Clea Paz- UNDP	May 2015

¹⁰ Joint document of the Forest Carbon Partnership Facility (FCPF) and the UN-REDD Program referred to as: "Guidelines on the participation of interested parties in preparation for REDD+ with emphasis on the participation of indigenous peoples and other communities that depend on the forest for their sustenance, April 20, 2012."

No.	Description of Risk	Date Identified	Type of Risk	Description of Risk Impact	Mitigation Measures / Management Response	Property (Who must monitor Risk)	Owner	Submitted / Updated By	Last Update
				Probability (P) & Impact (I) 1: low. 5: high					
					From UNDP strengthen the implications and elements needed for validation of the REDD+ strategy as part of technical quality assurance for the project and contract a High Level Consultant for the project with the capacities required to facilitating the development of a quality REDD+ strategy.				
5	Regulatory gaps for designing an operational mechanism for REDD+ activities	May 2015	Regulatory	Regulatory gaps reduce the viability of the design and preparation of the REDD+ strategy, because of lack of proposals and lobbying that make it possible to make regulatory adjustments or changes. P = 3 I = 4	Based on a legal and technical analysis anticipate the possibility of making regulatory adjustments and changes to implement REDD+. The new law that created the Ministry of the Environment sets forth the legal bases for transforming environmental management and at the same time facilitates the incorporation of the environmental variable into State policy. Lobbying at the Panama Legislative Assembly on the importance of the National REDD+ Strategy towards achieving a low carbon economy.	MIAMBIENTE		Irina Madrid - UNDP	May 2015
6	Turnover in MIAMBIENTE and UNDP Staff	May 2015	Organizational	Loss of the historical memory of processes. Neither lessons learned nor agreements reached are documented and this can lead to error. P = 3 I = 4	The UN-REDD Program delivers all historical documentation with the most important benchmarks, technical reports and annual and semiannual monitoring reports. Contract technical staff with sufficient experience in the REDD+ preparation process and climate change. Have mechanisms that permit periodic documentation of progress and lessons learned. Conduct a thorough induction of personnel to be hired (including a presentation on the results and lessons learned under the UN-REDD Program)	MIAMBIENTE/ UNDP		Irina Madrid / Clea Paz- UNDP	May 2015
7	Delays in national forest monitoring system startup	May 2015	Environmental/ Operational	Delayed startup of the national forest monitoring system (MRV) and interaction with key institutions during the REDD+ preparation stage. P = 3 I = 5	Make decisions regarding startup of forest monitoring including reference levels. Sign institutional covenants and agreements for the management of REDD+ Panama information and for decision making.	MIAMBIENTE		Irina Madrid - UNDP	May 2015

No.	Description of Risk	Date Identified	Type of Risk	Description of Risk Impact	Mitigation Measures / Management Response	Property Owner (Who must monitor Risk)	Submitted / Updated By	Last Update
				Probability (P) & Impact (I) 1: low. 5: high				
8	Difficulty in engaging the necessary sectors to conclude the REDD+ Panama preparation stage and begin implementation.	May 2015	Strategic	No joint agreements reached and some actors anticipate that their opinion will not be taken into account. P = 3 I = 5	Keep the intersectoral and multi-actor participation platform representative of key actors active and improve mechanisms to achieve effective engagement that leads to decision making during the REDD+ preparation stage. Include actions that lead to the generation of inter-institutional and sectorial covenants and agreements as part of the National REDD+ Strategy validation process.	MIAMBIENTE/ UNDP	Clea Paz / Irina Madrid - UNDP	May 2015

Beyond the specific mitigation measures identified in the Table above, these risks will be mitigated through an extensive consultation and participation process and through the SESA. An extensive consultation and participation plan is a key component of the readiness program funded by the grant, and adequate budgeting has been set aside for this purpose. Through the consultation and outreach process, which includes the SESA, relevant government and non-government stakeholders will be involved throughout the readiness process. In addition, the SESA will identify institutional gaps and challenges and will formulate policy options. Activities will continue to be consulted with government and other stakeholder groups to guarantee relevance.

A number of measures to mitigate risks related to procurement and financial management will be put in place. These include the following actions:

- i) The inclusion of the project's activities in the regular audits commissioned by the UNDP Country Office.
- ii) Training by a UNDP Financial Management Specialist on financial management.
- iii) Procurement supervision will be undertaken by UNDP.

Policy recommendations may affect indigenous peoples and other forest dependent communities. The SESA will assess these potential impacts, formulate alternatives and mitigation strategies and enhance the decision-making process around the design of the national REDD+ framework. The SESA will be complemented by an Environmental and Social Management Framework (ESMF), which will provide a guide for potential future investments in REDD+ toward compliance with UNDP and World Bank safeguards policies. The ESMF recommended safeguard instruments would apply to investments financed by UNDP and by other Donors willing to use the same safeguard policies.

V. UNDP QUALITY ASSURANCE INPUTS

UNDP has been supporting REDD+ preparation in Panama since 2010, through presence in the country, participation in steering committee meetings, workshops and mid-term reviews. UNDP received funds from FCPF in 2014 (US\$ 206,680) to complete the R-PP and support the following analysis and inputs into the Project document and the implementation of the FCPF grant with the following objectives:

1. Support MIAMBIENTE in updating the readiness preparation plan ((R-PP) and prepare project FCPF in a participatory manner.
2. Analyze the recommendations of the Institutional and Context Analysis (ICA).
3. Design a platform for dissemination of information on REDD + Panama, and channels for transparency and accountability and complaints mechanism.
4. Share and analyze the guidelines and terms of reference for the SESA with sectoral entities related to REDD + and key stakeholders.

5. Review of the governance structures of the program and steps for its implementation.

The results of these will feed into the FCPF Project Document.

UNDP has the following mandatory requirements for quality assurance:

- UN-REDD Programme operational guidance must be applied during the implementation of the project.
- If changes are made at the output or activity level, they may be agreed by the Steering Committee/PEB. Before such changes are contemplated they must be discussed with and approved by the Regional Technical Advisor.
- If changes are proposed at the Outcome level they must be discussed with the UNDP/REDD+ Principal Technical Advisor before being approved by the Regional Technical Advisor.
- The project is subject to a final evaluation conducted according to Terms of Reference established by UNDP.
- Funds will be audited in accordance with UNDP Financial Regulations and Rules and audit policies.
- A mid-term review may be undertaken if requested by UNDP's Environment and Energy Group.

A. COMPLIANCE WITH THE COMMON APPROACH TO ENVIRONMENTAL AND SOCIAL SAFEGUARDS

Implementation will ensure compliance with the Common Approach to Environmental and Social Safeguards. The United Nations Development Programme's Social and Environmental Policies and Procedures that ensure compliance with the Common Approach include the following elements:

Environmental and Social Screening Procedure (ESSP): The ESSP is a mandatory requirement to undertake an environmental and social screening of UNDP projects (country, regional and global and all thematic areas) with a budget of US\$500,000 or more. The screening process results in an outcome which determines if further environmental and social review (e.g. impact assessment) and management measures are required. The results of the screening for the Panama R-PP and project document are shown in the prodoc's Annexes.

UNDP's Social and Environmental Standards (SES): The objectives of the Standards are to: (i) strengthen the social and environmental outcomes of UNDP projects; (ii) avoid adverse impacts to people and the environment affected by projects; (iii) minimize, mitigate, and manage adverse impacts where avoidance is not possible; (iv) strengthen UNDP and partner capacities for managing social and environmental risks; and (v) ensure full and effective

stakeholder engagement, including through a mechanism to respond to complaints from project-affected people. For more information, see the [Social and Environmental Standards](#).

UNDP's Social and Environmental Standards (SES): The objectives of the Standards are to: (i) strengthen the social and environmental outcomes of UNDP projects; (ii) avoid adverse impacts to people and the environment affected by projects; (iii) minimize, mitigate, and manage adverse impacts where avoidance is not possible; (iv) strengthen UNDP and partner capacities for managing social and environmental risks; and (v) ensure full and effective stakeholder engagement, including through a mechanism to respond to complaints from project-affected people. For more information, see the [Social and Environmental Standards](#).

UNDP's Social and Environmental Compliance Review: In October 2012 the UNDP Administrator revised the Charter of the Office of Audit and Investigations (OAI) to include the mandate to investigate UNDP's compliance with applicable social and environmental policies and procedures. In February 2013 OAI established the Social and Environmental Compliance Unit (SECU) to respond to complaints that UNDP may not be meeting its social and environmental commitments during the interim phase. The main purpose of the compliance review will be to investigate alleged violations of UNDP's environmental and social commitments in a project financed, or to be financed, by UNDP or any other project where UNDP policies apply. The compliance review may result in findings of non-compliance, in which case recommendations will be provided to the Administrator about how to bring the Project into compliance and, where appropriate, mitigate any harm resulting from UNDP's failure to follow its policies or procedures. In carrying out its compliance review functions, the compliance unit will need full access to UNDP personnel, policies and records. It will also need the authority to conduct site visits of UNDP-supported projects in order to carry out its fact-finding function. For more information, see the [Standard Operating Procedures for UNDP's Social and Environmental Compliance Unit](#).

UNDP's Stakeholder Response Mechanism (SRM): The SRM provides an additional, formal avenue for stakeholders to engage with UNDP when they believe that a UNDP project may have adverse social or environmental impacts on them; they have raised their concerns with Implementing Partners and/or with UNDP through standard channels for stakeholder consultation and engagement; and they have not been satisfied with the response. The SRM provides a way for UNDP to address these situations systematically, predictably, expeditiously, and transparently. Through the SRM, UNDP Country Offices, Regional Bureaux and Service Centers and Headquarters collaborate in a thorough, good faith effort to resolve outstanding concerns to the satisfaction of all parties, and to document the results to ensure accountability and promote organizational learning. Given their proximity to the project, relationships with relevant actors and understanding of country context, Country Offices are generally best placed to lead in responding to complaints that come through the SRM. It is expected that the Resident Representative will identify a member of the Country Office management team to oversee and manage the SRM on a regular basis. For more information on the SRM, see: [UNDP's Stakeholder Response Mechanism: Overview and Guidance](#).

Implications

There will be public disclosure of instances where environmental and social requirements have not been properly applied throughout the project. This will increase pressure on the Country Office (CO) to ensure proper application of environmental and social requirements stronger measures will need to be put in place to address, implement, monitor and report on the application of environmental and social requirements.

UNDP's Dispute Resolution Process (formerly Grievance Mechanism): The primary responsibility for ensuring that effective dispute resolution processes are available for projects and programs supported by UNDP shall remain at the country level. The goal of establishing a dispute resolution process is to ensure that affected people have access to an effective, fair and independent mechanism for working out a mutually acceptable resolution to their complaint with UNDP and/or national counterparts.

Resident Representatives will be responsible for overseeing the dispute resolution process but will likely designate a staff person in the Country Office (the Country Office Designee) responsible for developing the country office's approach. The CO will be expected to clarify how complaints will be received and assessed, and how the appropriate response will be triggered and supported. At a minimum, the CO will need to define a compliance review track and a dispute resolution track for complaints received, recognizing that some complaints may have elements requiring both compliance review and dispute resolution. HQ is in the process of producing guidance for the design of CO complaint handling mechanisms.

Along with establishing a Country Office dispute resolution mechanism that complainants can access directly, the Country Office Designee will be responsible for identifying and evaluating any existing program- or project-level dispute resolution mechanisms, operated by the host government or other sponsor/partner, to which requests may be effectively referred. This identification, evaluation and strengthening of national program- and project-level mechanisms should take place for every UNDP-supported program and project. However, the level of UNDP investment in these mechanisms should be scaled to the level of program/project social and environmental risk.

Where partners' mechanisms are used, UNDP's primary role will be to refer complaints to those mechanisms, provide support and resources, if warranted, for the effective handling of those grievances by the existing mechanisms, and monitor the processes to ensure they meet basic standards of independence, fairness and effectiveness. In some cases, UNDP's involvement in a particular dispute resolution process or in a particular country may require additional budgetary or staffing resources, which will be determined as the need arises.

Regardless of what dispute resolution mechanism is used, The Country Office Designee will be responsible for tracking complaints and their outcomes and for registering and reporting them

to UNDP's Dispute Resolution Support Office (UNDP HQ), which shall maintain a centralized registry of all complaints and their disposition.

Country Office staff should be trained in how to conduct outreach regarding the compliance review and dispute resolution processes and how to inform potential claimants how to submit complaints. They should also be provided with dispute resolution training in light of the guidance and procedures provided by the Dispute Resolution Support Office. Eventually in the long term each country involved in high-risk projects should have a person trained in community-oriented dispute resolution techniques.

Risk of complaints: With a recent complaint and the complex situation related to participation, the likelihood of complaints being received during implementation of the R-PP is likely. However, it is important to recognize that R-PP activities will involve few, if any, on-the-ground activities, since the focus is largely on capacity building. No changes in land-use will be made or proposed. Consequently, the nature of complaints likely to be received by UNDP will be mostly focused on effective engagement of all stakeholder groups.

Implications

The UNDP CO will be taking on additional roles and responsibilities related to dispute resolution. CO staff may require additional training and capacity building in order to prepare for these new responsibilities. Funding should be set aside for: a) trainings; b) infrastructure required to receive complaints in a more coherent fashion (changes to website, outreach to stakeholders, use of registry and hotline etc.); c) dispute resolution/mediation services, should a serious complaint arise.

Indigenous Peoples: In its legislation, the Panamanian State has recognized the rights of indigenous peoples by incorporating the system of indigenous regions with an autonomous administrative system; the Traditional Knowledge Act was passed and institutions for intercultural bilingual education have been created. These regulations and public policies are an effort to improve relations between indigenous peoples and the State.

However, one still unresolved issue is the indigenous peoples' demand that the State ratify ILO Convention No. 169. The GoP has ratified the ILO Convention No. 107, which gives some guidelines on consultations.

The Indigenous People have the autonomy to decide their own involvement in REDD+ and are conducting consultation among the ethnic groups to decide on an approach to the Free, Prior and Informed Consent. The Government has the right of consultation, and is consulting with the Territories directly, which could undermine COONAPIP. The relationship between the GoP and the indigenous people will have indirect effects on the success of implementation of REDD+.

B. NATIONAL-LEVEL GRIEVANCE MECHANISM

In addition to addressing the above institutional requirements, UNDP will be responsible for supporting the partner country to establish a national-level grievance mechanism to address issues related to REDD+. The first grievance mission for Panama is scheduled for the first trimester of 2015, and will result in an initial assessment of the potential grievances, and the existing systems/mechanisms/institutions that could help address them.

The mechanism will be responsible for managing a series of steps, as outlined in the flow chart below, including receiving and assessing claims on a range of challenging issues; determining the suitable options for addressing the claims; managing the process to address the claim and ensuring feedback and learning processes are carried out throughout the process.

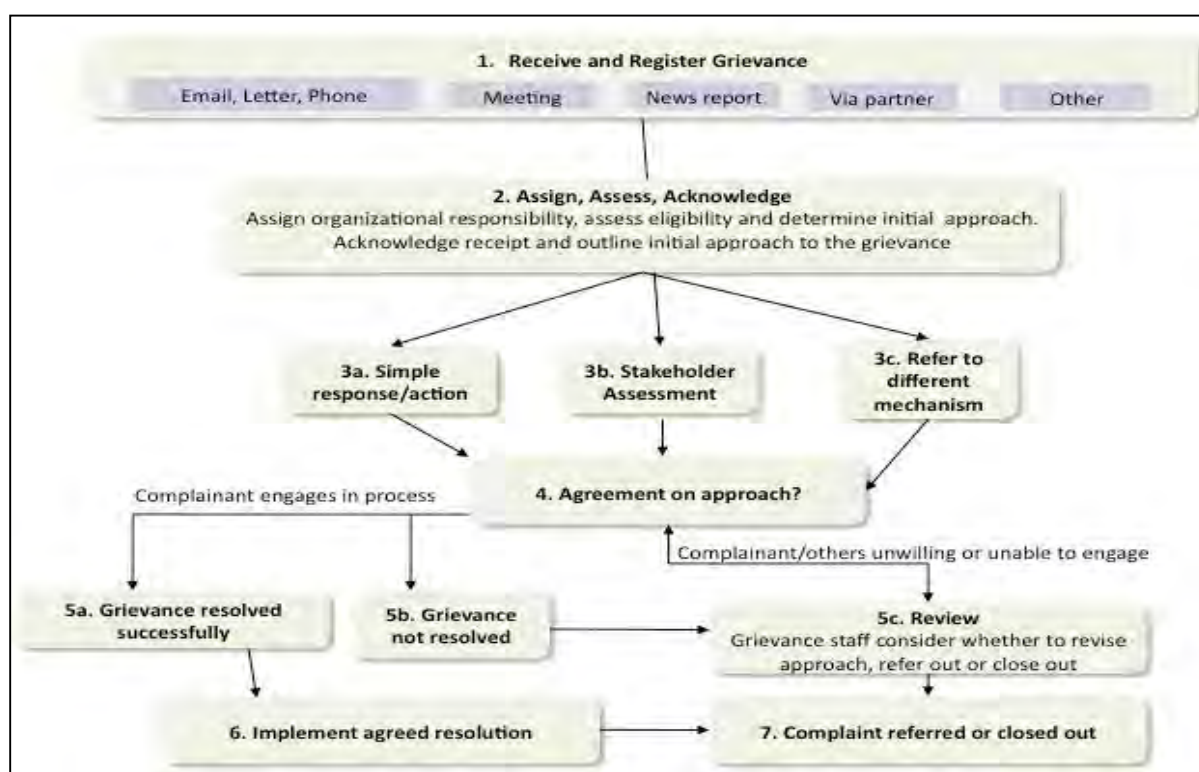


Figure 1: Schematic description of a Grievance Mechanism

Most importantly, the mechanism will be required to undertake the above activities while ensuring the below principles are met:

- **Independence:** Independence requires that the mechanism be established and operate without undue influence from the institution's operational decision-makers, or from any external stakeholders. Those who assess and respond to grievances for the organization should be accountable to the organization for seeking solutions that meet

the interests of all affected stakeholders, and not only for meeting the immediate interests of the organization. They should recuse themselves if there is an actual or potential conflict of interest in addressing a particular dispute.

- **Professionalism:** The mechanism's decision-makers and staff should meet high standards of discretion and professionalism; the mechanism should be able to hire consultants with specific expertise when needed.
- **Fairness:** Fairness and objectivity require the mechanism to give equal weight to the concerns and interests of all stakeholders. The dispute resolution procedures should treat all parties fairly, and fairness should be an expectation of all outcomes.
- **Transparency:** The principle of transparency requires public comment and participation in the design and operation of the mechanism, and clear, demonstrable and publicly available rules of procedure. In addition, the mechanism should publicly and regularly report in a timely fashion on the number of times it has been used during the reporting period, the types of issues it has handled, the number of cases that have been resolved, are still outstanding, or have moved to other channels for resolution, and any lessons learned that can be used by the organization and/or its external stakeholders to reduce the future frequency, scope and/or intensity of grievances and disputes.
- **Accessibility and Decentralization:** In order to be accessible to affected people, the mechanism should maintain open lines of communications and provide information in languages and formats required to allow the greatest access practicable to affected people. Although mechanisms will benefit from support at the organization's senior/HQ level, the mechanism typically needs to operate as close to the project level and potentially affected citizens, communities and interest groups as possible. Accessibility also requires that no unnecessary barriers impede stakeholder's access to the mechanism; for example, it should be possible for stakeholders to communicate a concern to local project managers and generate an organizational response, rather than having to communicate directly with an office in the capital city where the organization has its headquarters.
- **Effectiveness and Flexibility:** The mechanism should be effective in objectively assessing concerns raised by external stakeholders, in determining the most appropriate process for addressing those concerns, in implementing that process constructively and expeditiously, and in communicating to all stakeholders, including those who raised the grievance, the institution, and the public. The dispute resolution process must allow for flexibility in using different techniques as required in specific cases or contexts. The process should be based on voluntary participation of various stakeholders in a joint problem-solving process, such as negotiation, mediation,

conciliation, or facilitation. Even for a single organization, the contexts, stakeholders, specific issues, and motivations for participating in grievance processes can vary greatly. Those responsible for the response must have the resources and the mandate to support a range of techniques with flexible timelines and approaches.

Panama's context

Panama does not have an effective grievance and dispute resolution capacity or procedures to manage this significant risk of dispute and grievance

Some potential grievance/dispute topics can be rapidly identified:

- Unresolved overlaps between IP land and PA,
- Allocation of natural resources concessions and/or expansion of existing concessions on IP areas without proper consultation and consent,
- Construction of new public infrastructures in IP areas,
- Issues of representativeness and participation in decision making processes,
- Absence of a legal framework to ensure compliance with FPIC.

The R-PP has budgeted \$US 30.000 to the development of a Grievance Mechanism. It is recommended that more details are provided on the process of developing the mechanism, its institutional anchorage, and that links with the consultation process are further detailed in the project document.

Implications

UNDP will need to strengthen its own institutional capacity as well as the partner country's capacity to receive and address grievances in an independent, transparent, fair and effective manner, which will require delving into often sensitive governance issues. Additional funding should be specified in the project document to ensure this.

Conclusion

Both UNDP and the partner country will be opening themselves up to increased feedback, input and in some cases, complaints and conflict. In some cases UNDP could be in a position where it will be accused of not following its own policies and procedures; in other cases UNDP will need to mediate between stakeholders who have a grievance against their government, UNDP's main client.

Both UNDP and partner countries will have new roles and responsibilities with regard to receiving and addressing these claims and will be increasingly scrutinized with regard to their conduct in addressing these claims by external stakeholders, NGOs and the media.

There is a potential for increased reputational risks associated with receiving high profile and public claims against the organization and the government from potentially impacted stakeholders.

While this new level of accountability will be challenging, if done well, there could also be several benefits, including:

- Enhanced development effectiveness through ensuring compliance with the environmental and social elements of UNDP policies and procedures;
- The provision of access to processes that would empower and protect the rights and interests of affected people, including indigenous peoples and other vulnerable groups, and afford them greater voice and a fair hearing in UNDP's development process;
- An enhanced rights-based perspective for the advancement of human rights principles in UNDP's development process;
- Complementary and supplementary services to existing opportunities for stakeholder engagement and dispute resolution at the country or project level;
- The promotion of results-based management and quality programs through feedback from the compliance review and dispute resolution processes;
- The provision of recommendations for systemic or institution-wide improvements based on lessons learned in specific cases;
- Improving UNDP's current Accountability Framework by encouraging transparency, accountability and effectiveness in its operations; and
- The reflection of best practice at other international development institutions and pioneer the development of accountability mechanisms within the United Nations system.

VI. ASSESSMENT SUMMARY

A. TECHNICAL

For the success of REDD+ in Panama, it is important to have thorough understanding of the causes of deforestation and forest degradation in order to develop a policy that address these causes. Referring to the causes of deforestation identified in Panama, this includes, among other things, mining activities, development of roads and infrastructure, agricultural credit policies. Leadership at the national level is thus a key to success. The recent history of the implementation of the UN-REDD NP has showed several weaknesses, partly because of low

national appropriation. The recent messages from the President show an important signal of leadership on REDD+.

Weak institutional capacities and unclear definitions of role and responsibilities between the stakeholders and internally in COONAPIP, as well as unclear definition of other stakeholders are weaknesses that had serious impacts in the past. The Government should give a clear political commitment to resolve these issues before initiating the development of the project document and the design and description of all the institutional and governmental issues of the project should be specified clearly, with clear divisions of roles, responsibilities and communication lines.

There should be assured that sufficient budget is set aside for institutional capacities and capacity building among stakeholders.

B. FINANCIAL MANAGEMENT

Pursuant to the UN General Assembly Resolution 56/201 on the triennial policy review of operational activities for development of the United Nations system, UNDP adopted a common operational framework for transferring cash to government and nongovernment Implementing Partners. Its implementation will significantly reduce transaction costs and lessen the burden that the multiplicity of UN procedures and rules creates for its partners.

The project will be executed under the modality of UNDP National Implementation (NIM). The Ministry of Environment (MIAMBIENTE) will be the implementing partner responsible to the UNDP for ensuring achievement of the project's results. If necessary, the MIAMBIENTE will sign agreements with relevant counterparts to help execute the project's specific components.

The UNDP will be responsible for accountability of this project's effective implementation to the FCPF/WB. As the delivery partner, the UNDP is responsible for providing a number of key general management and specialized technical services. These services are provided through the UNDP REDD+ Team and country and regional units. UNDP will provide support services at the government's request.

There is a risk that cash transferred to Implementing Partners may not be used or reported in accordance with agreements between UNDP and the Implementing Partner. The level of risk can be different for each Implementing Partner. For each Implementing Partner the Agencies effectively and efficiently manage this risk by: 1) assessing the Implementing Partner's financial management capacity; 2) applying appropriate procedures for the provision of cash transfers to the Implementing Partner; and 3) maintaining adequate awareness of the Implementing Partner's internal controls for cash transfers through assurance activities.

For each Implementing Partner the level of risk may change over time, and this may result in changes in the cash transfer procedures and assurance activities, and possibly in the choice of modality.

During its due diligence process, UNDP assesses the risks associated with transactions to each Implementing Partner, before initiating cash transfers under the harmonized procedures. Two types of assessments are required: a macro assessment and a micro assessment. They serve two objectives:

- *Development objective:* The assessments help UNDP and the Government to identify strengths and weaknesses in the project financial management system and the financial management practices of individual Implementing Partners, and identify areas for capacity development.
- *Financial management objective:* The assessments help UNDP identify the most suitable resource transfer modality and procedures, and scale of assurance activities to be used with each Implementing Partner.

The UNDP-FCPF project document identifies one implementing partner and two responsible parties:

- The Ministry of Environment (MIAMBIENTE) is the Implementing Partner.
- The UNDP CO is the responsible party.

The HACT assessments of 2015 mentions that the MIAMBIENTE poses “Low Risk”. As recommended by the HACT, to maintain risks down to a low level, a project management unit will incorporate the present organizational structure of MIAMBIENTE, this project management unit will coordinate and support the financial implementation of the project.

At the end of each three-month period, the PMU will submit a report on activities and a financial report for expenses incurred along with a request for funds for the next period.

In its role as a development partner, UNDP participates in formulating, monitoring and evaluating programmes and projects under national execution in order to achieve results.

UNDP will also facilitate communication between the PMU, the Implementing Partner and the FCPF/WB as and if required. All communication and reporting to the FCPF/WB will be through the UNDP REDD+ Team. As stated in the project document, this project will be audited as following:

- Yearly NIM audit by external auditors
- Spot checks (HACT monitoring)
- Financial & Special Audit (if is necessary) HACT

Additional UNDP provisions regarding the financial management include:

- Any proposed budget revision will be discussed with and forwarded early to the UNDP RTA together with a clear explanation of the changes proposed, as significant changes might require review and approval by the FCPF. Any overexpenditure of this project will have to be absorbed by other UNDP CO resources.

- All FCPF-funded projects will be audited in accordance with UNDP Financial Regulations and Rules and Audit Policies, and an appropriate separation between project oversight and direct project support is required in accordance with the UNDP Internal Control Framework.
- Project manager will be requested to prepare detailed annual operational plans based on the annual work plan. For the first year of the project implementation the detailed plan should be reviewed at the inception workshop and subsequent years by the project board.
- Midterm review and a terminal evaluation will be undertaken with a corresponding management response.

C. PROCUREMENT

UNDP's procurement rules and processes will apply. As per UNDP's Financial Regulations and Rules, the following general principles must be given due consideration while executing procurement on behalf of the organization: Best Value for Money; Fairness, Integrity, Transparency; Effective International Competition; The Interest of UNDP.

The UNDP CO Finance and Procurement Officer will ensure efficient and effective implementation of the Panama's FCPF REDD+ Project through the development of effective systems and the building of staff capacity. Specifically the Officer's role will focus on:

- Providing support to Programme Planning and Coordination
- Elaborate/update periodically procurement plans, hand in hand with the Annual Working Plans
- Developing, implementing and improving Accounting and Reporting Procedures
- Ensuring strong financial and operational control
- Conducting Bank reconciliation
- Developing Procurement processes and Inventory Register
- Supporting programme administration
- Providing Oversight and Training to implementing partners

Procurement processes will be regularly audited throughout the lifetime of the project, by both external and UNDP consultants.

D. SOCIAL AND ENVIRONMENTAL (INCLUDING CONSULTATION, PARTICIPATION, DISCLOSURE AND SAFEGUARDS)

Within the framework of the implementation of the UN-REDD NP, a series of activities have been developed to disseminate information and advance in the phase of preparation and consultation that feed the Strategic Environmental and Social Evaluation (SESA).

The MIAMBIENTE will ensure that there are effective inter-agency coordination through the Inter-Institutional Environment System (SIA) and the Advisory Committees, particularly with regard to mining and agricultural policies. Impacts of extra-sectorial policies (economic growth, foreign investment, and others) on forest resources will be identified and minimized through the implementation of instruments such as the SESA.

During the planning stage of SESA, institutional capacities will be strengthened as well as the capacities of key actors involved in the process. Table 6 shows the roadmap for the SESA in Panama. The process will thus be led by the GoP, under the principles of a participatory and transparent process that includes all stakeholders related to forests, deforestation and degradation of forests, including: representatives of indigenous peoples, territories, communities and small agricultural producers, Afro-descendant communities, academia, NGOs and other institutions of the public sector.

The process of active listening carried out under the framework of the UN-REDD NP contributes to the first two stages of the SESA. There has already been carried out 30 interviews with stakeholders from public sector, private sector, NGOs, international organizations, academia and researchers, and it has been organized two workshops with African descendent communities, and three workshops with communities. The process of active listening in indigenous territories will be carried out by an organization designated by COONAPIP in those territories which are part of COONAPIP. The process will be defined in consultation with the Territories which are not part of the COONAPIP (Congress General Kuna Yala General Congress Madungandí Guna; National Congress Wounaan).

Each of the stages is expected to obtain the following results of the SESA:

Stage 1:

- Problems related to forests and deforestation and forest degradation in Panama, identified by the national, regional and local actors themselves.
- Strategic options identified by the vision of the different actors in Panama according to the particular conditions of each region.
- Identification of risks and benefits of the proposed strategy options.
- Strengths and weaknesses for the approach of risks and benefits identified jointly.

Stage 2:

- Definition of the Mechanisms for participation and feedback for the participatory formulation of the REDD + national strategy.
- Technical studies produced within the framework of the UN-REDD NP reported among the key stakeholders in Panama.
- Development of the framework of social environmental management, including actions to mitigate, prevent and monitor possible risks and impacts associated with the implementation of the REDD+ strategy options.

Stage 3:

- Environmental and social management framework implemented
- Initiating the monitoring of multiple benefits, impacts and governance
- Completion of the REDD + National Strategy

Table 6: SESA Activity calendar

Stages and activities	2015				2016				2017		
	I	II	III	IV	I	II	III	IV	I	II	III
Stage 1: Information and preparation											
Interviews with NGOs, private sector, academia											
Regional workshops with people of African descent											
Regional workshops with communities											
Workshops in indigenous territories that are part of COONAPIP											
Workshops in territories which are not part of COONAPIP											
Dissemination at the national level											
Elaboration of the work plan of the SESA											
Stage 2: Elaboration of the SESA work plan											
Definition of instances of participation to the elaboration of the REDD+ national strategy											
Disclosure of the technical studies produced in the UN-REDD NP											
Recommendations of the REDD + national strategy compiled											
Development of the Environmental and Social Management Framework (ESMF)											
Stage 3: Implementation of the Environmental and Social Management Framework (ESMF)											
Implementation of the ESMF											
Monitoring benefits, governance and impact											
Draft of REDD+ national strategy											
Completion of the REDD + National Strategy											

i) Social (including Safeguards)

The REDD+ safeguards process is beginning in Panama. Initial capacity building workshops were supported by UN-REDD NP. A consultancy to develop the basis for the national safeguards system will be contracted in the second trimester of 2015. The SIS will include national criteria and indicators for each safeguard, the data sources for these indicators, and the mechanisms for data collection. Based on the principles of the Warsaw agreement, the system will be flexible and improved along with approved capacities over time. The system will be constructed on the basis of existing systems through a participatory process, based on feedback and dialogue with stakeholders. Panama already has identified a number of sources of information related to safeguards, such as environmental indicators, that are being monitored every four years as part of the environmental management that will be linked to the SIS.

Gender

The R-PP pays attention to gender and suggest paying special attention to overcome barriers to participation and to promote the participation of women's community organizations in the process of consultation. It refers to some indicators that could be used to track the participation of women (number/percentage of women and men who are involved in the conference, meeting, or event; number of women exercising leadership on REDD + processes; gender considerations included in processes of policy and regulation). The document also states that gender will be considered in the strategic options for REDD+.

Further, the Active Listening process integrated gender on several levels: participation, systematization of results of the consultation and monitoring (sex disaggregated data)

The project document could go further in developing a gender sensible approach (to be integrated into the project document, if the national counterpart agree):

- During the mapping stakeholders, it is recommended that key gender concerns, risks and unequal benefits be identified and included within such analysis. Effort should also be made to help address these issues, so as to help reduce inequalities.
- Incorporation of gender into information sharing and dialogue with key stakeholder groups and participation plan. Critical in this process is also ensuring that special arrangements should be made for overcoming social norms and participation barriers for effective dialogue and communication
- The SESA process should include a focus on key gender concerns, risks and unequal benefits. Effort should also be made to help address these issues through targeted activities, so as to help reduce these inequalities and improve gender equitable distribution of REDD+ benefits during implementation of the REDD+ strategy.
- It is also recommended that key gender concerns should be analyzed, as noted by the R-PP guidelines "to manage any potential gender-based risks and to promote equal benefits and opportunities for social groups, including women's, men's and youth groups, during implementation of the REDD-plus strategy"

- In relation to indigenous territories and NFMS, it is also key to ensure the participation of specific social groups (i.e. women, disabled, youth) within indigenous peoples' groups, including on data collection and capacity building activities. Data collection should also include sex disaggregated data as well as gender indicators (examples given above).
- When developing National safeguards, it is recommended that such a system be gender sensitive, and take into full account all of forest users (including women, as primary forest users). This will help promote the sustainability of REDD+, as well as ensure that users are not negatively affected and that they have access to benefits.

ii) Environmental (including Safeguards)

Key assessments of environmental risks and the Country's capacity to manage these risks would be undertaken by the country through a SESA, which is mainstreamed in the R-PP.

As for social risks, with support of national consultants envisaged in the SESA process, sufficient capacity exists in the FA to conduct a SESA and produce an ESMF.

iii) Consultation, Participation and Disclosure

i. Experience to Date

The history of complaint and the new design of the UN-REDD NP intends to implement a very participative REDD+ process.

The ongoing negotiation with COONAPIP, regarding the UN-REDD NP, specifically refers to the need for further transparency and participation; and disclosing all the information related to the UN-REDD NP is one of the agreement taken by ANAM. The same will apply during the UNDP-FCPF project implementation. In order to support the CO in ensuring compliance with this requirement, a discussion with MINAMBIENTE will take place prior to accepting to act as DP, to see the feasibility to use part of the FCPF funding to include support staff within the CO in charge of supervising the implementation of the UNDP-FCPF project and ensure compliance with this requirement.

ii. Proposal Going Forward

The project should build upon the Consultation and Participation Plan developed with the UN-REDD NP support. Some areas that need to be strengthened and should be financed by FCPF funds include provisions for disclosure of documents as well as feedback mechanisms whereby stakeholders are able to channel their opinions and grievances, seek redress, and generally influence the preparation and implementation of REDD+ in the country.

As per the FCPF requirement, the SESA would be applied as the safeguard instrument. The SESA includes as part of the SESA process the preparation of an ESMF. The ESMF may evolve and be updated over time when new REDD+ strategy options, projects or activities (including investments) and/or policies or regulations are identified during the implementation of REDD+. The SESA addresses the key environmental and social issues associated with the analysis and preparation of REDD+ strategy options as well as REDD+ measures and activities (including investments), policies and regulations. In this manner SESA can ensure compliance with World Bank's environmental and social safeguards.

The SESA process requires that the selection of REDD+ strategy options should take into account the country's institutional and capacity constraints for managing environmental and social risks, as well as the potential environmental and social impacts associated with these strategy options. Any identified gaps to manage these risks and potential impacts in relation to relevant World Bank safeguard policies should be identified along with the strategy options to feed into the preparation of the ESMF. The ESMF should provide a framework to manage and mitigate the potential environmental and social impacts related to specific projects and activities (including investments and carbon finance transactions, in the context of the future implementation of REDD+).

The ESMF will be structured to contain subject-specific frameworks addressing the relevant requirements of the applicable environmental and social safeguard policies including, but not necessarily limited to, a Resettlement Policy Framework; Process Framework; and Indigenous Peoples Planning Framework.

In implementing the R-PP, the UN-REDD Stakeholder Engagement Guidance and FPIC Guidance will be applied. UNDP's Accountability Mechanism will also be applied.

In complement, and following the support to Panama towards implementing the UNFCCC's Warsaw framework, both with UN-REDD NP and FCPF support, a safeguards information system for Panama will be developed, in line with UNFCCC guidance and requirements, and following [UN-REDD's conceptual approach to safeguards](#).