



**UN COLLABORATIVE PROGRAM ON REDUCING EMISSIONS FROM
DEFORESTATION AND FOREST DEGRADATION IN DEVELOPING COUNTRIES
JOINT PROGRAM DOCUMENT**

1. Cover Page

Country: Panama

Prog/project Title: UN-REDD Panama Program

UNDAF Outcome(s): *OUTCOME 8: Environmental Sustainability (biodiversity conservation, forest management, climate change mitigation, disaster risk management) is strengthened with the support of policy frameworks, national strategies and local actions.*

Program/project Duration: 3 years

Anticipated Start/end dates): January 2010–November 2012

Fund Management Option(s): Pass-through (Parallel, pooled, pass-through, combination)

Managing or Administrative Agent: UNDP (if/as applicable)

Total estimated budget:	\$ 5,300,000
Out of which:	
1. Funded Budget:	\$ 5,300,000
2. Unfunded budget:	

Sources of funded budget:	
• Government	
• Regular/Other CBMAP	
• NGO or private	_____
• UN Org....	_____
• Donor (UN-REDD)	\$ 5,300,000
• Donor ...	_____

Names and signatures of national¹ counterparts and participating UN organizations

UN organizations	National Coordinating Authorities
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¹ Governmental, and any NGO/civil society, private sector or other partners

ACRONYMS

AA	Administrative Agent
COONAPIP	National Coordination Entity of Indigenous People of Panama
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
GEF	Global Environment Facility
GoP	Government of Panama
JPD	Joint Programming Document
MDTF	Multi-donor trust fund
MEAs	Multilateral Environmental Agreements
MOF	Ministry of Finance
MP	Ministry of Planning
NGOs	Non-governmental Organizations
OCCA	Standing Committee for Climate Change Adaptation
PEB	Project Executive Board
PES	Payment for Ecosystem Services
REDD	Reducing Emissions from Deforestation and Forest Degradation
R-PIN	REDD Project Idea Note
R-PLAN	REDD Plan
SD	Sustainable Development
UN	United Nations
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	United Nations REDD Program
USAID	United States Agency for International Development
WB	World Bank

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2. Executive Summary

Current situation of Panama regarding a REDD programme

Even though some initial estimates suggest that the rate of deforestation has decreased in recent times, there are regions of Panama where deforestation continues to expand in fragments of remnant forest. Law 41 of 1998 gives the National Environmental Authority (ANAM) the mandate to enforce laws, regulations and develop a national policy for natural resources, including forests. The current situation calls for the presentation of a REDD proposal that can act as a mechanism to promote and finance activities for the protection of the environment and foster a culture of conservation oriented towards sustainable development.

Law 41, the General Environmental Law, establishes that environmental management must be carried out through ANAM, civil society and the Inter-institutional System of the Environment. It is also recognized however, that the National Coordination Entity of Indigenous People of Panama (COONAPIP) is a key actor and facilitator of the REDD program with Indigenous People.

Panamanian law recognizes carbon sequestration as an environmental service. However there are policy and political issues, over which differences remain, that need to be discussed and resolved so that public policies can be established to address the challenges of deforestation and forest degradation.

Strategies, lessons learned and proposed joint program

The Panama REDD proposal is aimed at reducing deforestation and degradation of national forests, with the objective of regaining and increasing the forest cover in relation to a national baseline, through innovative mechanisms with communities and society and the strengthening of environmental management schemes in Panama. Accordingly, the UN-REDD program in Panama will develop capacities to enable the country to be ready to implement activities that reduce emissions from deforestation and forest degradation by end of 2012. The National Coordination Entity of Indigenous Peoples of Panama (COONAPIP), in consultation with the authorities of indigenous peoples, has played an important role in the formulation of this joint program.

Result Framework

Outcome 1: Institutional capacity established for the efficient coordination and execution of a REDD program in Panama

- 1.1. The legal framework for formulating a National REDD Strategy validated
- 1.2. Operational framework established for the implementation of the REDD strategy
- 1.3. Sectorial, institutional, municipal, and individual capacities strengthened
- 1.4. A transparent payment and benefit distribution system validated and operational

Outcome 2: Technical capacity to monitor, measure, report, and verify the reduction of emissions from deforestation and forest degradation

- 2.1. National inventory and monitoring system for forests and carbon
- 2.2. A reference emissions scenario
- 2.3. System for carbon accounting and generating emissions information

Management and Coordination Arrangements

The management and coordination arrangements are as follows: there is a Policy Board which provides overall leadership; the Technical Secretariat, the Coordination Group of UN agencies, an Administrative Agent of the Multi-Donor Trust Fund, the Resident Coordinator of the UN, which exercises strategic leadership of the UN-REDD country team, the REDD National Committee that provides coordination of the joint program, the Program Coordinator, responsible for the overall

performance of the program, and the agreed formal mechanisms of communication with indigenous peoples and their structures.

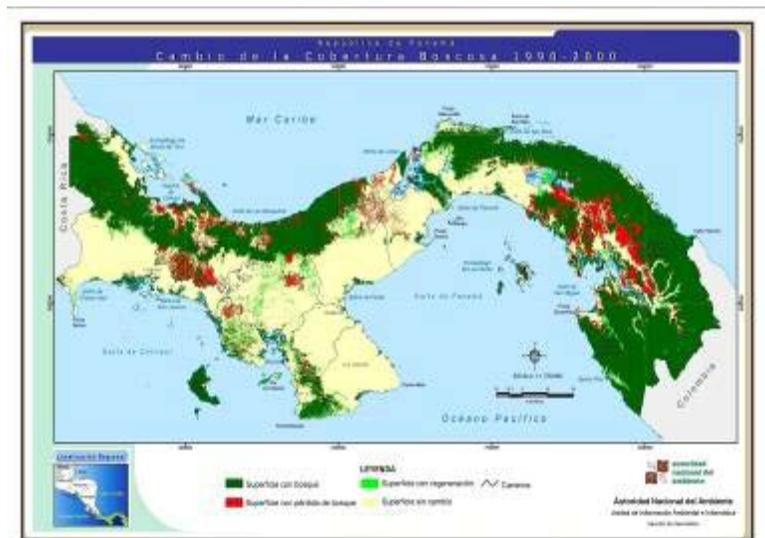
Fund management arrangement

Each of the participating UN agencies will decide on the implementation process with partners and counterparts following the agencies' rules and regulations. The national government, regional development banks and nongovernmental organizations may receive funds through a participating UN agency and act as an executing agency. Transfer mechanisms will be established in accordance with the rules of procedures for the UN.

3. Situation Analysis

The State of the Forests

In 1947, the *First Report on Forest Cover in Panama* (Garver, R.D.) estimated a forested area equivalent to 70% of the national territory. By 1970, the National Forest Inventory, carried out by FAO, estimated that area to be 53% of the territory. Additionally, the *Final Report on Forest Cover and Land Use in the Republic of Panama: 1992-2000* indicates that during this period the forest cover was reduced to 330,569 hectares. This is equivalent to a change rate of -8.5% in eight years, which represented an annual loss of 41,321 hectares and an annual reduction rate of -1.12%. These rates were greater in the Ngöbe Bugle Territory (-21.77%), Darien (-13.89%), and Panama (-12.21%), where the major deforestation centers still persist². In 2000³, the Panamanian territory had 44.91% of forest cover (OIMT-ANAM 2003; excluding intervened forests).



Map 1: Change in forest cover 1990-2000

In 2000, Panama had 43 designated protected areas, equivalent to 26% of the national territory, under some kind of protection.⁴ In 2006, the Report on the System of Protected Areas reported 65 designated protected areas, equivalent to 34.43%, and by 2008 there were 70 legally designated protected areas encompassing about 35.81% of the national territory. Some of these protected areas overlap with indigenous territories⁵.

² It is important to note, however, that many of these averages include indigenous and non-indigenous areas. A disaggregation of these values would give different averages, for example for Darien, which includes indigenous territories with low deforestation levels.

³ In 2002 the Map of Forest Cover was published based on satellite images for the year 2000; this is the latest data on forest cover in the country. SIF, ANAM, 2002.

⁴ *Report on the Richness and Condition of the Biodiversity in Panama, 2000.*

⁵ Some protected areas have been declared in lands which the indigenous communities consider their own. This creates conflict with these communities since declaring these areas creates differences in their management, governance, and participation in a REDD scheme if this does not involve protected areas.

Panama is located in the region with the greatest biodiversity of the planet, among the six known global biodiversity centers⁶, with high altitude variations which, in tropical climate conditions, favor a diversity of ecosystems containing 12 of the 30 Holdridge life zones on the planet (Tosi, 1971)⁷. According to the WWF classification system, which uses the concept of eco-regions to promote large scale conservation through an eco-systems approach, Panama has 8 of the 200 eco-regions recognized worldwide⁸ (Dinerstein, 1975). Panama has 21 times more plant species per km² than Brazil; a greater number of vertebrate species than any other country in Central America and the Caribbean; 3.5% of flowering plants and 7.3% of the world's ferns and allies⁹; 10% of the planet's bird species (930 species between resident and migratory)¹⁰; 5% of the 4,327 known mammal species in the world; 4% (172 species) of the total world amphibian diversity; and 3.5% (228 species) of the world's reptile diversity. In addition to species common to other regions of America, there are between 1,300 and 1,900 plant species, 23 amphibian species, 24 reptile species, 8 bird species and 10 mammal species that are endemic or unique to the country¹¹.

Currently, Panama is processing its deforestation data for 2008. This data is expected to be available during the NJP implementation in 2010. Initial estimates indicate that, as the border shows sign of saturation, the deforestation rate has decreased in this period. However, reports still to be confirmed indicate that there are still regions in Panama where deforestation continues to expand through investments in development and the loss of remaining fragments of forests. Additionally, there are sectors where there has been secondary forest growth.

Policies and Institutions

Law 41 of 1998 created the National Environmental Authority (ANAM) as an autonomous government entity with the mandate to manage natural resources and the environment in order to ensure the enforcement and application of the laws, regulations, and national policy. The law stipulates that the national environmental policy is made up of government measures, strategies, and actions that guide, condition, and determine the behavior of the public and private sectors of the economy and of the population in general, regarding conservation, use, management, and exploitation of the natural resources and the environment. In spite of being an autonomous entity, ANAM is represented before the Executive Branch by the Ministry of Economy and Finance (MEF).

Law 41 of 1998 stipulates that the government and sectoral institutions with environmental authority will be part of the Environmental Inter-institutional System (SIA), and they will be responsible for establishing the coordination, consultation, and execution mechanisms among

⁶ ANAM "First Report on the Richness and Condition of the Biodiversity in Panama". Panama, 2000.

⁷ The life zones and their forest cover rank in Panama are: wet tropical forest (32%), very wet pre-mountain forest (18%), very wet tropical forest (13.4%), pre-mountain rainforest (12.6%), dry tropical forest (7%), wet pre-mountain forest (3.5%), low mountain rainforest (3.2%), dry pre-mountain forest (3%), low wet mountain forest, very wet low mountain forest, very wet mountain forest, and mountain rainforest. See Panama Environmental Report 1999.

⁸ The designated eco-regions in Panama are: 1) Talamanca wet forest eco-region, considered regionally outstanding, relatively stable with high priority on conservation at the regional level; 2) Chocó wet forest eco-region, globally outstanding, with high priority on conservation at the regional level and considered vulnerable; 3) Eco-region of the wet forests on the Caribbean side, bio-regionally outstanding, with moderate priority on conservation; 4) Eco-region of mangrove swamps on the Caribbean and Pacific side and the Panama Bay, considered relatively stable, with moderate priority on conservation at a regional level; 5) Wet forest eco-region on the Pacific side, considered endangered, bio-regionally outstanding with high priority on conservation at a regional level; 6) Eco-region of the dry forests on the Pacific side, in critical condition, locally important with moderate priority on conservation at a regional level; and 7) Eco-region of mountain forests in Central Panama...

⁹ Mesoamerican Biological Corridor of the Panamanian Atlantic Region Project. News Bulletin, ANAM, 2003.

¹⁰ The Soberania National Park in the Panama Canal basin held the world record for number of bird species during 19 consecutive years, ending in 1996 when 525 bird species were sighted in one day. Among them we can mention the threatened crested eagle (*Morphnus guianensis*), the spectacular red-headed parakeets (*Amazona autumnalis*), and the different species of multicolored trogons such as the violet trogon (*Trogon violaceus*).

¹¹ ANAM "First Report on the Richness and Condition of the Biodiversity in Panama", Panama, 2000.

themselves, following the guidelines of the National Environmental Authority, since it is ANAM who manages the System, in order to harmonize the policies, avoid disputes or competence gaps, and coherently and efficiently respond to the objectives and goals of the aforementioned Law 41 and to the national environmental policy guidelines.

Law 41, the General Environmental Law, stipulates that environmental management should be carried out through three main entities:

- ANAM, as coordinating entity and generator of public environmental policies
- The civil society, through environmental consultation commissions, and
- The Environmental Inter-institutional System (SIA)¹², as a coordination platform

However, the National Coordinator of Indigenous Peoples of Panama (COONAPIP), as a National Round Table, which brings together the seven indigenous groups as well as the traditional institutions which manage the territories and their natural resources, is a key actor as facilitator in terms of its role in the REDD program with the Indigenous Congresses. Title VII of the law establishes the relationship between the national authorities and the Indigenous Territories and Communities that are organized by the National Coordinator of Indigenous Peoples of Panama (COONAPIP) as a national round table.

Panama is divided into nine provinces, seven indigenous communities, and eleven traditional structures, of which five (5) are indigenous territories: Ngöbe-Buglé (Law 10 of March 7, 1997), Emberá-Wounaan (Law 22 of November 8, 1983), Kuna Yala (Second Law of February 16, 1938), Madugandi (Law 24 of January 12, 1996), and Wargandi (Law 34 of July 25, 2000); the lands that make up the territories are collectively owned. In addition to these territories, the government enacted Law 72 of December 23, 2008, which adjudicates the collective ownership of lands to the indigenous communities that are outside the territories. It is also important to highlight that there are indigenous communities outside these territories with pending requests for territorial recognition, among them the Bri-Bri, Naso, Tjërdi, Kuna of Dagarkunyala, Collective Lands of the Emberá and Wounaan, Emberá of Alto Bayano and the Wounaan Community.

The aforementioned Title VII of Law 41 of 1998 stipulates the constitutional principle that the State will respect and preserve the knowledge, innovations, and practices of the indigenous and local communities who follow traditional lifestyles related to the conservation and sustainable use of the biological diversity. It will promote the wide application of this principle and, with the participation of these communities, will help ensure that the benefits derived from indigenous territories are distributed equitably and fairly in these indigenous communities.

Also, Law 41 of 1998 states that the studies on exploration, exploitation, and use of the natural resources authorized in lands occupied by indigenous territories or communities, must not cause harm to the indigenous people's cultural, social, and economic integrity, or their spiritual values. The law specifies that in the event of activities, works, or projects developed within the indigenous territories, consultation procedures should be voluntary, informed, and with prior consent oriented toward establishing agreements with the representatives of these communities regarding their rights and practices, and agreed upon compensation benefits for the use of their resources, knowledge, and lands. In granting any type of authorization for the use of natural resources within the indigenous territories, proposals submitted by members of the community will be preferred, provided that they fulfill the conditions and procedures required by the competent authorities

¹² Executive Decree N° 283, which regulates article 16 of Law N° 41 of 1998, on the Inter-institutional Environmental System (SIA).

through the Balu Wala¹³ methodological instrument for the consultation process with indigenous peoples.

In addition to what has previously been stated, the aforementioned Law 41 states that in the case of activities that will generate economic benefit from natural resources in the indigenous territories or communities, the indigenous people will have the right to share in the economic benefits that may be generated, provided there are no laws otherwise designating the destination of such benefits. This is related to the principles arising from the Convention on Biological Diversity of 1992, ratified by Panama by Law N° 2 of 1995¹⁴.

Law 44 of 2002, which creates the integrated management system of water basins, assigns ANAM the task of monitoring and managing these land use planning units. In Panama there are 52 water basins, divided into 5 water zones¹⁵, two of which drain into the Caribbean Sea and 3 into the Pacific Ocean. Since the socioeconomic development in Panama has occurred in the central-western region of the Pacific, the environmental situation of this area has required greater attention in order to slow down environmental deterioration. Even so, the Caribbean region is beginning to face pressures as new development takes place, which already demands careful planning to prevent environmental problems and preserve existing conservation areas.

ANAM, together with the relevant entities, is responsible for regulating all aspects relative to air quality, establishing monitoring programs and permissible levels of pollution for the purpose of protecting health, natural resources, and environmental quality. The State acknowledges sequestering carbon as a forest environmental service and will establish mechanisms to attract financial and economic resources by means of joint implementation programs internationally agreed upon.

Law 1 of February 3, 1994, "Whereby Forest Legislation is established in the Republic of Panama and other provisions are stipulated", identifies the nation's forest patrimony in Title I, Chapter II. Article 10 states that the forest patrimony of the State includes all the natural forests¹⁶, lands where these forests grow, and government lands that are well suited for forests. Also included are forest plantations planted by the government on government owned land. In spite of this regulation, the government also acknowledges, through indigenous territorial laws, the existence of forest areas within the indigenous territories as part of their collective property.

Article 13 of Law 1 of 1994, states that ANAM will be responsible for the management of forests and lands which constitute the forest patrimony of the State, and that through a Board of Directors' Resolution (Board of Directors' Resolution 05-98 of January 22, 1998, whereby Law 1 of February 3, 1994 is expanded and other provisions are stipulated) shall determine the management and land use regulations for the forest patrimony of the State. This law establishes that forest activities in indigenous lands must be approved by the relevant indigenous communities. It is important to highlight that this law is going through a revision process.

The Board of Directors Resolution JD 05-98 of January 22, 1998, and the implementation of that law, authorizes ANAM to establish the necessary mechanisms to foster and promote the development of forest plantations and to manage the natural forests for the purpose of capturing

¹³ Balu Wala corresponds to the indigenous cosmovision, but essentially it means: communitarism, time frame, balance and harmony, consensus, dialogue, respect, system of indigenous rights.

¹⁴ In line with this, the REDD program in Panama will be carried out according to the United Nations Declaration on the Rights of Indigenous Peoples, resolution approved by the UN General Assembly on September 13, 2007.

¹⁵ The country's five water zones were defined during the preparation of the National Plan for the Integrated Management of Water Resources which is in its final preparation phase.

¹⁶ Natural Forest: All formation of native, woody vegetation, with a prevalence of tree species, or that which for its function and composition should be considered as such. Article 5 of Law 1 of February 3, 1994, Forest Law.

and sequestering carbon and thus contributing, in a positive manner, to the reduction of greenhouse gas emissions at the national and global level.

While the Panamanian legislation acknowledges carbon capture as an environmental service, carbon ownership is a topic for discussion (some interpret the current legislation as ensuring the government's ownership of carbon while others disagree). This discussion could also depend on the geographic location of the captured carbon. Areas under the jurisdiction of the Panamanian government, such as public lands, could have a carbon ownership regime different than those under the jurisdiction of indigenous territories, lands, and communities.

Determining carbon property rights, and consequently, those over carbon credits that may be generated, is crucial and a matter where differences persist. It is of utmost importance that this issue be debated in the most transparent manner, with the participation of all parties involved.

Drivers of Forest Deforestation and Degradation

Deforestation by means of the systematic use of the slash and burn method began in Panama with the transition to agriculture of the first complex societies of the Isthmus, about seven thousand years ago. At the beginning of the XVI century, during the European conquest, the alluvial lands of the low and medium basins of the main rivers and the lowlands of the Central Western region of the Pacific slope had been deforested. The Conquest, in turn, resulted in the annihilation of more than 90% of the indigenous population and concentrated the European presence in the Central Western region of the Pacific region, which became an agricultural-cattle raising area for the inter-oceanic corridor connecting the new port cities of Portobelo on the Atlantic, and Panama on the Pacific. This territorial reorganization was completed with the creation of internal borders which excluded all of the Atlantic coast and Darien from direct European control.

Among the consequences of these events for the ulterior historic development of the interaction between the social and natural systems in Panama, the following can be highlighted:

- The abandonment of multi-crop agriculture with intensive harvesting practices - which included, for example, the management of the savannahs and mangrove swamps as sources of protein - which was the main productive activity of the aboriginal societies
- The prevalence of extensive cattle-raising as the main farming activity, organized with African slave labor, which became the main source of wealth, prestige, and political power
- Displacement of the indigenous population and others to the most degraded lands of the Central Western region of the Pacific, the high basins, and territories in the tropical forests

Essentially, this development model became a long term structure, relegating the development of the agricultural sector to the demands of an economy organized around the transit of goods through the inter-oceanic region, offering as subsidy the access to lands and cheap labor. This structure reached its development peak between 1940 and 1970, with the United States government enclave, then known as the Canal Zone, having access to the Panamanian agricultural production, which generated a particularly high demand for meat.

The cycle of cattle-raising expansion resulted, first, in larger cattle ranches through the expansion of pastures due to the concentration of property of the most productive land of the Central Western Pacific region, and later, in the transformation of the forests located beyond the internal borders established during the colonial period. During this second phase, the migration of farmers displaced by the concentration of land property on the Pacific to those territories played an important role, which by the end of the 1960s had already established important cattle-raising settlements in the Western and Central regions of the Atlantic and in Western Darien.

At present, some characteristics of the deforestation process in Panama include:

- Land tenure plays an important role in the deforestation process. In particular, the certainty of land possession has a positive effect on indigenous communities (Gerald C. Nelson, Virginia Harris, and Steven W. Stone, 2001).
- Infrastructure development is a determining factor in deforestation expansion. Studies indicate that for each kilometer of road that penetrates the forest, between 400 and 1000 hectares of forest are cut down (Ledec, 1992). This deforestation occurs in a 2-10 km radius from the road.
- The efforts to control deforestation once investments in infrastructure development have been made are generally unsuccessful. For example, the efforts of the Panamanian government to stop roadside settlements on the Panamerican highway that goes into Darien were unsuccessful (Herlihy 1989).
- One of the direct effects of this investment in infrastructure is the increase in the price of land, which can increase 100% once investments to build roads are made (Edelman 1985).
- The Agrarian Code seems to encourage deforestation in order to justify the so-called "functional use of the land".
- Between 7-10% of deforestation is attributed to the effects of subsidized credit. This indicates that, although important, this variable is not the main cause of the deforestation process (Ledec 1992).
- As observed in other tropical regions, the expansion of the cattle-raising border results from a sustained decrease in productivity of the land being used. While at first one hectare of land can sustain one head of cattle, after 5-7 years, it will need between 2 and 3 hectares (Heckadon 1984). Being close to the border may result in the producer choosing to clear more forest in order to maintain her/his herd of cattle.
- The historic use of the land, poverty indexes, and rural population density explain 61% of variation in land use changes for the year 2000. The historic land use patterns and income per hectare explain one fourth of the variations between different land uses. The remaining forests in Panama are found in zones where there is a smaller population with high poverty levels (S. Joseph Wright; Mirna Samaniego. 2008).
- There is evidence that agrarian businesses and others hoard land and speculate, taking advantage of the weaknesses in the current legislation, resulting in deforestation.

The State's response to this situation was the sustainable development conservation policy expressed in the National Environmental Strategy (NES), synergistically including the REDD proposal in its framework. In the near term, the NES must face the consequences of the old development model that continues to negatively affect deforestation in Panama. Even though it is still early to define with certainty the measures required to reduce deforestation, existing studies and analysis seem to indicate that the menu of actions should include: (i) a careful planning of infrastructure developments such as roads in forested areas; (ii) careful planning of credit given for cattle raising in the border zones. This would have the purpose of creating a structure of economic benefits favorable to forest conservation; (iii) better oversight over land use in critical forest areas; (iv) better land tenure for land belonging to the indigenous communities; (v) economic incentives for secondary forest regeneration.

It is clear that the information over the causes and dynamics of deforestation in Panama is fragmented and needs to be better understood. This understanding should also be available for the different regions of Panama with emphasis on those where logging continues to be a problem. This will be fundamental in order to design and implement actions that result in a reduction of the deforestation rate.

In this regard, one of the project's first tasks will be to analyze existing data and others related to land use changes and carry out fast evaluations for areas where deforestation is more evident. The objective will be to understand better: (i) the magnitude of the process for the different areas; (ii) specific location; (iii) underlying causes, particularly the relation between poverty and deforestation; and (iv) the actors involved. This activity will take place at the onset of the project and will also be used for designing consultation, communication, and training strategies.

4. Strategies including lessons learned and the proposed Joint Program

Panama has identified a number of barriers and challenges in order to be ready to participate in a REDD mechanism. Among them:

- Lack of capacity and investment for monitoring, evaluating, and protecting the forest cover, especially at the district and provincial levels
- Lack of cooperation and coordination between agencies with regard to oversight, control, and forest management at the national and local levels
- Government weakness in implementing national policies at the regional and local levels
- Lack of a clear legal framework for the effective protection of the forests
- Little public information on the benefits of conserving the forest cover
- Economic marginalization of the communities that live in the forests
- Limited and fragmented understanding of the underlying causes of forest loss for the different areas of the country
- Defining carbon ownership for the different indigenous and non-indigenous areas of Panama.
- Defining a benefit distribution system
- Clear land tenure, particularly in regard to the indigenous communities' requests to have their lands recognized

In addition to working on the challenges mentioned above, it is acknowledged that a future REDD system should produce a positive impact on the living conditions of the most marginalized populations and ensure the mainstreaming of forest conservation policies into the government's development programs.

The Proposed Joint Program

The Panama REDD strategy contributes to the mitigation of climate change by reducing emissions caused by deforestation and degradation of the national forests, with the objective of recuperating/increasing the forest cover in relation to a national baseline. This will serve as a source of ecosystem services, which will allow capitalizing on environmental services, attracting innovative financing sources for the communities, and strengthening the environmental management schemes in Panama.

Specific Objectives:

- Build capacities for the implementation of concrete actions of the REDD strategy.
- Develop a Monitoring System for forest cover that will allow estimating the carbon stock and its changes in the country's forests.
- Carry out a supervision, control, and inspection process that guarantees the development of the REDD strategy.
- Establish a training program to participate in environmental management.

- Design a financing mechanism that allows a fair, equitable and transparent distribution of the income generated by providing environmental goods and services with direct benefits to the communities.
- Guarantee compatibility of the REDD actions with the country's development plans, including poverty reduction policies.
- Propose adaptation measures to guarantee the availability of natural resources for future generations by producing environmental goods and services that foster positive changes in land use.

The REDD strategy establishes actions that will allow supporting adaptation processes for the people facing climate change. For this purpose, the strategy will foster an environmental sustainability culture based on new consumption and production patterns that will promote "un-learning" bad practices and "re-learning" those that will allow us to face the effects of climate change. Additionally, that culture will permit the recuperation of the best and most suitable traditional and modern knowledge through training, technical consultancy, and the use and innovation of environmentally-friendly technology.

The REDD strategy will be carried out from an environmental management standpoint that will allow economic growth, social well being and participation, and the conservation of our natural resources, in order to support creating a low carbon economy and contribute to the global mitigation of greenhouse gases and the implementation of climate change adaptation measures at the local level. Thus, the REDD strategy will address essential elements of environmental management in Panama, encouraging natural wealth by promoting social wealth.

For this purpose, REDD provides an innovative financing mechanism which will allow the country to have the resources for social investment without additional taxes, through social participation mechanisms necessary for the transfer and effective distribution of resources and relevant information to the organizations and community businesses that are directly responsible for maintaining the environmental conditions. Thus, Panama has opted to create mechanisms that will collectively distribute benefits incorporating broad social sectors.

The minority groups that already own land and have financial capacity are incorporated into the process through the necessary training in order to adopt sustainable productive models that will enable them to receive additional benefits from the management of sustainable farms and climate change adaptation. This will allow greater participation in collectively creating forest reserves, greater capacity for carbon retention, and fostering an environmental culture that stimulates sustainability and the country's competitiveness in the region.

Panama has placed a high priority on the creation of Protected Areas as a conservation initiative for sustainable development. This is complemented by a series of programs and projects to promote the strengthening of SINAP, such as the consolidation of the Mesoamerican Biological Corridor of the Panamanian Atlantic, to reduce the pressure on the priority protected areas and their buffer zones through actions for building local capacities and their participation in the management of these areas. The National Program of Land Titles is also a key element in strengthening SINAP.

The zones demanding urgent restoration, and also the most vulnerable to deterioration, which still have natural resources threatened by inadequate land use practices constitute a priority problem for sustainable development. These zones must be the subject of policies and actions defined by the National Environmental Strategy, starting with the Environmental Territorial Regulation for hydrographic basins, to allow for the identification of the territory's potential, limitations, and problems for a better use of its physical spaces and for disaster prevention and mitigation.

The Role of Indigenous Communities in REDD

The National Coordination Entity of Indigenous Peoples of Panama (COONAPIP), congresses and general councils, will be the traditional vehicles for coordinating and communicating the REDD readiness process in indigenous areas. Raising awareness and consulting with the indigenous communities is anticipated by using the internal mechanisms contemplated in their customs and legislation, establishing a safeguard for compliance with the REDD Program policies in the indigenous communities and control of the implementation protocol.

The policies, programs, and activities related to this strategy must promote certainty on land tenure for the indigenous and farming communities who live in those ecosystems important to the conservation and provision of environmental services. This participation requires the resources to promote well-being and productive activities in line with ancestral and traditional conservation management and appropriate to the needs of human development, in such a way that these communities can be fully incorporated into the national and local economy, in order to achieve efficient and sustained management of the natural resources.

ANAM, following the guidelines of the Millennium Development Goals and addressing the international commitments made during the Conference of the Parties in the United Nations Framework Convention on Climate Change, has initiated a dialogue with representatives from the indigenous and farming communities of the country to inform about the problems and opportunities associated to climate change mitigation and adaptation tasks. During 2008, nine Forums on Climate Change and Desertification were held in the country, all of which addressed the REDD issue: Chiriqui (2), Los Santos (1), Veraguas (2), Herrera (1), Cocolé (1), Bocas del Toro (1), and Darién (1).

As a strategic measure for the REDD program, ANAM will continue the dialogue and consensus process with the indigenous communities, through prior voluntary and informed consent mechanisms, to identify: the legal, institutional, social, and economic situation and adaptation of legal and administrative measures to prevent any form of discrimination and exclusion of these communities in order to ensure real and effective participation in the REDD Program.

5. Results Framework

The **Objective** of the UN-REDD Panama Program is to *“Assist the Government of Panama in developing an effective REDD regime”*. This will contribute toward the broader **Goal** of ensuring that *“by the end of 2012 Panama will be REDD-ready and will have the capacity to reduce emissions from deforestation and forest degradation nationally.”*

In order to ensure this objective, the following two outcomes will be pursued:

Outcome 1: Institutional capacity established for the efficient coordination and execution of a REDD program in Panama

This outcome is expected to contribute to capacity building at the national level in order to develop and implement the necessary measures and steps to establish a national REDD program capable of: i) generating and monitoring measurable and sustainable reductions in the deforestation and forest degradation rates; ii) being able to access the carbon markets, provided these markets are developed; and iii) receiving payment from the market or other funds established for this purpose based on performance and distributing said payments to the provinces and districts in a transparent and equitable manner. This outcome will take into account a series of elements within the UN-REDD program through the following outputs:

1.1. The legal framework for formulating a National REDD Strategy

This output aims to facilitate a participatory approach in order to develop a legal structure for the implementation of the REDD National Strategy, including recommendations on carbon ownership and clarity on land possession. This component includes identifying gaps in the legal framework that could cause problems for the efficient implementation of the REDD National Strategy; and a proposal for harmonizing this strategy with the legal framework together with the specific financial and economic regulations. In this respect, a clear definition of the carbon property and transfer rights is essential to allow emissions exchange under REDD.

The component also includes strengthening the capacity to implement the legal framework within the key organizations and carrying out a consultation process with indigenous groups on the legal aspects of the implementation of the REDD strategy.

1.2. Operational framework established for the implementation of the REDD strategy

Panama has placed a high priority on formulating the National REDD Strategy, to be completed before the critical date of December 2012. Consequently, the UN-REDD program will support the government in developing a framework that incorporates the viable components that are already available, and also in designing a plan to generate the other necessary components. Formulation of the National REDD Strategy (often referred to as a REDD National Program in some documents and as REDD Strategy in the R-PLAN World Bank format), will require periodic evaluations of the activities initially identified as viable during the UN-REDD program.

The following indicative activities that will contribute to achieving this output will be included:

- Analyzing the current and future causes of deforestation
- Carrying out a detailed evaluation of the strategies and programs, previous and existing, to manage threats and causes of deforestation in the country
- Identifying logistics and infrastructure needs at the local and national level related to the efficient implementation of the REDD National Strategy
- Identifying the financial needs for the long term implementation of the REDD National Strategy and develop a government investment policy
- Developing a national recording system for the production of carbon credits
- Establishing the coordination and supervision mechanisms for the implementation of the REDD National Strategy as of 2012
- Implementing a national consultancy plan with all the actors of the civil society, private sector, and indigenous sectors

With the assistance of UNDP, UNEP, and FAO, REDD's governmental focal point (ANAM) is responsible for ensuring that capacity building to implement REDD takes place through a coordinated, effective, and efficient process. This process needs to include all the stakeholders, particularly those who are often marginalized, but who are critical to REDD's success (indigenous communities and poor rural populations).

The efficient and transparent coordination will include preparing an action plan to implement all the elements for an effective national REDD system. Specific responsibilities will be defined within ANAM's units and departments as well as other legal entities for the implementation of the specific components of the action plan. Periodic revisions and evaluations of the implementation status are expected to be carried out, together with the incorporation of appropriate measures to address any shortcomings.

A key aspect will be to coordinate the action of the international partners. For this, it will be necessary to make sure that bilateral and multilateral funding is directed toward supporting the implementation of the specific components of the action plan in a manner consistent with the comparative advantages of said international partners and meets the financial needs of each component. ANAM's leadership is also critical in order for it to serve as the coordinating entity of the different actions to support REDD and its respective funds.

The following indicative activities to contribute to achieving this output will be included:

- Identifying the technical and institutional needs for an optimum coordination during the implementation of the REDD chain of activities
- Establishing a national coordination platform and action plan for its execution
- Organizing periodic meetings and workshops to review lessons learned through UN-REDD and other related programs

The long term REDD sustainability requires a commitment to policy transformation and its subsequent integration in the governmental sectoral plans. For this reason, it is essential that the REDD policies do not constitute an isolated element reflected in a strategy document financed by donors, but instead that the elements of this strategy are reflected in plans carried out by the government in key sectors to reduce deforestation, among them infrastructure, agriculture/cattle-raising, and tourism.

One sustainability aspect of a REDD program depends on its impact on the poor rural sectors. REDD's potential contribution to the reduction of rural poverty could be very significant, provided the pro-poor policies are adequately incorporated into the main topics, particularly socio-economic planning and land use at the local level.

The following indicative activities that will contribute to achieving this output are:

- Carrying out a mapping exercise to integrate REDD into the sectoral plans
- Identifying linkages between poverty and environment and fostering REDD policies that promote pro-poor economic growth
- Integrating REDD into the national development plans

Finally, the UN-REDD program in Panama will develop a national communication strategy as a framework to generate internationally relevant knowledge and to disseminate it through the UN-REDD global component.

1.3 Sectoral, institutional, municipal, and individual capacities strengthened

This output intends to build and strengthen capacities at the different levels through awareness and training on specific REDD measures such as participatory monitoring and land use planning. The UN-REDD program will develop a training strategy with special focus on priority topics, including measurement and monitoring methodologies, financial models, legal framework, control and inspection plans, participatory administration, reporting system, biodiversity conservation, and municipal administration.

To support these activities, efforts will be carried out to establish REDD awareness activities focused on a broader audience and that will create support for REDD. This will imply evaluating the awareness needs and opportunities, preparing materials (such as posters, brochures, radio programs, etc.) and organizing educational events followed by a re-evaluation of the awareness level and additional needs.

The following indicative activities contributing to achieving this output include:

- Evaluating the current capacity building needs
- Designing and producing training modules and materials adapted to the stakeholders and the sector
- Conceptualize a training plan adapted to the selected pilot municipalities
- Delivering training modules and workshops
- Training future trainers ("train the trainers") and setting up a network and roster of experts

1.4. A transparent payment and benefit distribution system validated and operational

This output will contribute toward putting in operation a transparent payment system, both nationally and locally. One important difference between payment for carbon storage and payments for other types of ecosystem services is that in the case of carbon the majority of buyers could be from abroad. One of the roles of the national government will be to organize and manage the marketing of carbon credits - provided an international REDD carbon market is created - and to receive payments, whether they come from the market or from funding. Therefore, it will be necessary that these payments be distributed according to a clear, transparent, and equitable system endorsed by the stakeholders. Some portions of the payment will be used for managing the system and others could be used to support related initiatives to reduce deforestation and forest degradation (such as improving the forest law enforcement systems).

Such a payment distribution system must ensure transparency to avoid the risk of inappropriate diversion of funds, since future payments will depend on the buyers being confident that their money is being used to reduce deforestation and forest degradation. If this is not clear, buyers may seek to buy carbon credits from other countries and/or may decide to pay a lower price.

The following indicative activities contributing to achieving this output include:

- Analyzing existing payment systems and their relevance to REDD
- Identifying deficiencies and necessary modifications to the system(s)
- Establishing advisory groups on potential methodologies to estimate REDD costs
- Defining all cost categories and analyzing the cost-benefit distribution of the REDD strategy (social, private, etc.)
- Analyzing the evaluation of the opportunity cost of executing the REDD National Strategy and a comparative cost-benefit analysis of alternative land use

- Developing a detailed payment and investment plan based on benefits from the sale of carbon credits
- Organizing participatory workshops to discuss and certify cost evaluation methodologies and payment and investment mechanisms
- Defining and establishing a payment and benefit distribution system for a REDD program

Outcome 2: Technical capacity to monitor, measure, report, and verify the reduction of emissions from deforestation and forest degradation

This outcome aims to build the technical capacity to face the challenge of how to estimate and adequately monitor (i) changes in the forest cover, (ii) carbon stocks and greenhouse gas emissions, (iii) incremental changes due to sustainable forest management, (iv) reduction in emissions from deforestation, and (v) reduction in emissions from forest degradation. This outcome will address three key elements: establishing an inventory and monitoring system, developing a national reference scenario, and establishing a system for carbon accounting and for generating information on carbon emissions. This will be ensured through the following outputs:

2.1 National inventory and monitoring system for forests and carbon

Monitoring the progress in the implementation of REDD requires the capacity to monitor the forest carbon stocks. Because the payment and other benefits for local stakeholders (for example, indigenous communities and poor rural populations) are related to performance, said stakeholders need a transparent monitoring system.

In addition to meeting the standard methodologies internationally recognized by the IPCC, Panama's methodology must be designed to allow the wide participation of local data collection experts and thus favor effective capacity building; which is consistent with paragraph 9 of the Conclusion of the Subsidiary Body of Scientific and Technological Advise (FCCC/SBSTA/2008/L.23) in Poznan.

For the purpose of improving the quality of the data on wood volume and biomass, a national forest inventory will be carried out which will be designed strictly adhering to the needs of the REDD program and with technical and statistical criteria appropriate to the heterogeneity of the ecosystems in Panama.

Once the forest inventory has been completed and the biomass and carbon have been calculated by type of forest and development status, the carbon stock for each ecosystem can be estimated, as well as the national total.

The forest cover and land use studies will be carried out regularly. The difference in carbon stocks between periods will determine the carbon emissions and will make it possible to infer possible scenarios regarding the effectiveness of the REDD strategy in Panama.

The following are indicative activities contributing to achieving this output:

- Designing a national forest inventory and carbon monitoring system that meets IPCC Tier 2 or 3
- Define methods to measure biomass and carbon and establishing a protocol to estimate the stocks and carbon flows that meet the requirements of Tier 2 or 3

- Training national technical staff involved in the implementation and monitoring system applied to participatory carbon stock monitoring methods
- Training national technical staff in the implementation of the inventory and monitoring system
- Training local technicians and professionals (for example, the rural or indigenous population) so that they can participate in the forest and carbon inventory, monitoring, and evaluation

2.2 A reference emissions scenario

The preparation of a national reference scenario (supported by sub-national scenarios based on administrative and/or ecosystem divisions) is necessary in order to measure and show progress in the measures taken to reduce emissions from deforestation and forest degradation and to justify payments based on performance. Consequently, the reference scenario must be comprehensive and rigorous, as the magnitude of the payments will be related to the quality of the available data. The final reference scenario will require significant amounts of data, some of which may not yet be available. However, an interim reference scenario (or even a series of interim scenarios) could be developed based on currently available data. The benefits of generating an interim reference scenario include building the technical capacity and understanding required to calculate the final scenario and provide the basis for evaluating the need for future adjustments.

Existing data will be used when possible. For example, in Panama, efforts have already been carried out to estimate the forest cover at the national and regional levels and in specific areas. The results can be seen in historical data on the national forest cover for 1992 and 2000, the vegetation map (CBMAP 2000 and 2003) and regional maps, such as the Regional Development Plan for the Inter-oceanic Region of 1996, Bayano Basin Management Plan of 1998, Map of the Darien province produced by the Darien Sustainable Development project in 1998, and the map of forest cover in the Panama Canal watershed in 1999. All these maps were prepared using satellite information. Additionally, a map of forest cover for 2008 is being prepared, which will be published in 2010.

The indicative activities contributing to achieving this output include:

- Collecting and harmonizing required and existing data
- Preparing an interim Reference Emissions Level, preferably including various options
- Updating the Reference Emissions Level when new forest inventory data becomes available
- Training government officials and other stakeholders (for example, indigenous communities) in data analysis and developing reference scenarios
- Organizing workshops and other events to promote stakeholder buy-in, especially those who are often marginalized (indigenous communities and poor rural populations)

2.3 System for carbon accounting and generating emissions information

As part of the carbon stock monitoring component, this output will support the creation of a system for carbon accounting and generating information on greenhouse gas emissions. As part of the institutional strengthening, the feasibility of establishing a National Office for Greenhouse Gas Inventory in Panama will be evaluated.

The UN-REDD Program will provide support to the government in assessing collaboration opportunities and exploring synergies with existing institutions, preferably residents in the country. Formulation of the Terms of Reference and guidelines will require sound and effective institutional support, rigorous technical advisory, and appropriate resource allocation to establish successful

methodologies and verification means. The technical capacity of key actors will be strengthened through training programs and promoting knowledge sharing.

The following are indicative activities that will contribute towards achieving this output:

- Assessing collaboration opportunities and institutional synergies
- Establishing a carbon accounting system
- Establishing a system to generate emissions information
- Designing and implementing a training system for government officials and other stakeholders

UNDAF Outcome: <i>OUCOME 8: Environmental Sustainability (biodiversity conservation, forest management, climate change mitigation, disaster risk management) is strengthened with the support of policy frameworks, national strategies and local actions.</i>									
Joint Program Outcome (if different from UNDAF Outcome) , including corresponding indicators and baselines,									
JP Outputs (Give corresponding indicators and baselines)	Participating UN organization ¹⁷	Participating UN organization corporate priority	Implementing Partner	Indicative activities for each Output	Resource allocation and indicative time frame*				
					Y1	Y2	Y3	Total	
Outcome 1: Institutional capacity established for the efficient coordination and execution of a REDD program in Panama									
1.1. Legal framework for the implementation of the REDD national strategy validated	UNDP/UNEP	<ul style="list-style-type: none"> Promote the sustainable use of natural resources Support Sustainable Forest Management Develop participatory plans for natural resource management Strengthen rural poverty reduction policies for rural development and support capacity building at the provincial level 	ANAM/	<ul style="list-style-type: none"> Preliminary formulation of the legal structure to implement the REDD national strategy, including recommendations on carbon ownership Identify legal gaps for the efficient implementation of the REDD national strategy and a legal framework harmonization proposal Identify gaps regarding the application of the legal framework and specific oversight needs. Develop a proposal to strengthen the capacity of key authorities to implement the legal framework. Develop a plan to strengthen and share the experiences of COONAPIP and the Indigenous Congresses in order to participate in the REDD program Organize consultations with indigenous groups and other relevant actors on the legal aspects of the implementation of the REDD strategy 	320,000	175,000	110,000	605,000	

¹⁷ In cases of joint programs using pooled fund management modalities, the Managing Agent is responsible/accountable for achieving all shared joint program outputs. However, those participating UN organizations that have specific direct interest in a given joint program output, and may be associated with the Managing Agent during the implementation, for example in reviews and agreed technical inputs, will also be indicated in this column.

<p>1.2. Operational framework for the implementation of the REDD strategy</p>	<p>UNDP/UNEP</p>	<p>Stated priorities</p>	<p>ANAM/</p>	<ul style="list-style-type: none"> • Detailed evaluation of previous and current strategies and programs to manage threats and causes of deforestation in the country • Analysis of current and future causes of deforestation • Develop a document on necessary policies to mitigate the causes of deforestation • Develop a Plan and Mechanisms for Indigenous Participation in REDD • Carry out analytical studies of the traditional practices and indigenous agriculture (“cosmovision indigena”) and its impacts on environmental conservation • Develop a research and consultancy community protocol on indigenous lands. • Evaluate the institutional and political gaps for the efficient implementation of a REDD national policy • Identify logistic and infrastructure needs at the local and central level for the efficient implementation of the REDD strategy • Identify financial needs for the long term implementation of the REDD strategy and develop a government investment policy. • Detailed definition of the national recording system for carbon credit production • Establish coordination and supervision mechanisms for the implementation of the REDD strategy starting in 2012 • Implement a national consultation plan with all actors of the civil society, private sector, and indigenous sector • Develop a national communication strategy. • Identify the technical and institutional needs for the optimum coordination of the REDD strategy implementation • Establish a national coordinating platform for the execution of the preparatory phase. • Develop a plan to integrate REDD into the government’s sectoral plans • Identify linkages between poverty-environment and define REDD policies favorable to pro-poor growth. • Integrate REDD into the national development plans 	<p>335,000</p>	<p>210,000</p>	<p>181,000</p>		<p>726,000</p>
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1.3 Sectoral, institutional, municipal and individual capacities strengthened	UNDP/UNEP	Stated priorities	ANAM/	<ul style="list-style-type: none"> • Evaluate training needs by sector • Develop a REDD training program to influence public policy regarding poverty reduction, food sovereignty, co-benefits, financial models, plans for inspection and control, participatory management, reporting system, biodiversity conservation, and municipal management. • Develop training modules and materials adapted to relevant actors • Develop and implement the national training program 	335,000	200,000	162,000	697,000
1.4 Payment and benefit distribution system validated and operational	UNDP-UNEP	Stated priorities	ANAM/	<ul style="list-style-type: none"> • Analysis of payment system (system 661 among others) and its relevance to REDD • Identify operative and financial needs in order to establish a payment unit and the equitable distribution of benefits • Establish an advisory group on potential methodologies to calculate REDD costs • Define all REDD cost categories and analyze the cost-benefit distribution of the REDD strategy. • Analysis and evaluation of the opportunity cost derived from executing the REDD national strategy and comparative cost-benefit analysis of alternative land use • Develop a detailed payment and investment plan based on benefits derived from the sale of carbon credits • Organize participatory workshops to discuss and verify cost assessment methodologies and payment and investment mechanisms • Define and establish a payment and benefit distribution system for a REDD program 	118,000	125,000	35,000	278,000

JP Outputs (Give corresponding indicators and baselines)	Participating UN organization	Participating UN organization corporate priority	Implementing Partner	Indicative activities for each Output	Resource allocation and indicative time frame*				Total
					Y1	Y2	Y3		
Outcome 2: Technical capacity to monitor, measure, inform, and verify the reduction of emissions from deforestation and forest degradation									
2.1. National inventory and monitoring system for forest cover and carbon	FAO	Stated priorities	ANAM/	<ul style="list-style-type: none"> • Design a national inventory and monitoring system for forest cover and carbon • Define methods to measure biomass and carbon and establish a protocol to calculate carbon stocks and flows • Train national technical staff involved in the implementation of the inventory and monitoring system • Train indigenous technicians and professionals and relevant others to participate in forest and carbon inventory, monitoring, and evaluation • Procure equipment and materials • Implement demonstrative pilot projects for forest inventory and monitoring 	310,000	650,000	454,000		1,414,000
2.2. A reference emissions scenario	FAO-UNEP	Stated priorities	ANAM/	<ul style="list-style-type: none"> • Define a base line that takes into account historic emissions and future projections • Prepare a tentative reference emissions scenario, preferably including several options • Train relevant actors in data analysis and development of reference scenarios • Proposals review by UNFCCC Secretariat experts • Update the reference emissions scenario once the new forest inventory data becomes available 	290,000	310,000	200,000		800,000
2.3. A system for carbon accounting and information on emissions	FAO-UNEP	Stated priorities	ANAM/	<ul style="list-style-type: none"> • Establish a carbon accounting system • Establish a system to generate information on emissions • Assess collaboration opportunities and institutional synergies • Prepare terms of reference and regulations • Develop a reporting and verification system 	300,000	320,000	160,000		780,000
Sub-totals and Grand Total are inclusive of all support costs.					2,008,000	1,990,000	1,302,000		5,300,000

6. Management and Coordination Arrangements

Structure and procedures

Policy Board

The UN-REDD Policy Board provides overall leadership and sets the strategic direction of the UN-REDD Program. It decides on Program financial allocations, in line with the budget parameters set out in the UN-REDD Framework Document, and develops monitoring mechanisms, with a view to ensuring Fund-wide success. The UN-REDD Policy Body will ensure coordination with REDD actors at a global scale, such as the World Bank's FCPF participants' committee. The Terms of Reference and Rules of Procedure for the UN-REDD Policy Board will be made available on the UN-REDD Program website www.un-redd.net

Technical Secretariat

The UN-REDD Technical Secretariat serves the Policy Board, using the capacities of the participating UN organizations, research institutions and recognized experts. It ensures policies and strategies decided by the Policy Board are implemented and adhered to. The Secretariat will manage the national joint program review process. It will also manage the UN-REDD's overall monitoring and evaluation function which includes *inter alia* monitoring allocations to and delivery by the country joint programs, and tracking Program-wide progress and ensuring that monitoring mechanisms are applied.

The Secretariat's main roles can be summarized as follows:

- Policy Board support
- Partner and external relations
- Quality assurance and oversight of national joint programmes
- Quality assurance and oversight of the International Support Functions described in the Global Joint Programme (hereafter referred to as the "Global Joint Program")
- Monitoring and knowledge management

Participating UN Organizations' Coordination Group

The Participating UN Organizations' Coordination Group consists of representatives of the three UN agencies: FAO, UNDP, and UNEP. The Coordination Group will have the main function in ensuring active, participatory, and well-coordinated engagement by the agencies to implement the goals and objectives of the overall UN-REDD Program, as well as to provide oversight of the Secretariat consistent with the strategic directions and decisions provided by the Policy Board.

Administrative Agent

The UNDP Multi-Donor Trust Fund (MDTF) Office is the Administrative Agent of the UN-REDD Fund. The MDTF Office manages the distribution of resources and serves as the administrative interface with donors. UNDP's accountability as the Administrative Agent is set out in the policy "UNDP's Accountability when acting as Administrative Agent in MDTFs and/or UN Joint Programs using the pass-through fund management modality".

The MDTF Office as AA will be responsible for:

- Receipt, administration, and management of contributions from donors;
- Disbursement of funds to the Participating UN Organization, in accordance with the instructions of the UN-REDD Policy Board;

- Provide support to FAO, UNDP, and UNEP in their reporting functions;
- Compilation of consolidated narrative and financial reports to the Policy Board through the Technical Secretariat, national steering committees, and to donors.

The Administrative Agent may undertake additional functions at the request of the Participating UN Organizations. The Administrative Agent will charge a one time fee of 1 per cent for fund administration and fiduciary responsibilities which will be provided in advance on the basis of Program Documents budgets approved by the Policy Board.

UN Resident Coordinators

The UN-REDD Programme will be supported by UN Resident Coordinators in their strategic leadership of the UN Country Team and relationships with national authorities. The UN Resident Coordinator will provide ongoing oversight to the joint program at the national level, ensuring the participating UN organizations are meeting their obligations. The Resident Coordinator is entrusted with supporting the overall program design under the government's leadership, ongoing programmatic oversight of the UN-REDD activities, and UN coordination with the National REDD Office where such exist. The Resident Coordinator also facilitates ongoing monitoring and evaluation of UN-REDD activities in conformity with UN standards. On receipt of consolidated country level reports, the Resident Coordinator will provide an overall assessment of the program's progress and results. He/she will also facilitate ongoing monitoring and evaluation of Fund-supported activities in conformity with UN standards and any guidance provided by the UN-REDD Technical Secretariat or Policy Board.

National REDD Committee

A National REDD Steering Committee mechanism will be established to provide operational coordination to the Joint Program and integration under the UNDAF thematic structures in place at the country level. The establishment of a country-led National REDD Office will be encouraged to provide day-to-day management of the Joint Programme, coordinate national REDD activities, ensure whole-of-government responses, and integrate REDD into national development planning processes.

Resident Coordinators are encouraged to keep Country Team members fully-informed on UN-REDD activities. Involvement of the Government in the deliberations concerning the Fund-related activities in the country is also crucial. The UN-REDD Program also looks to Resident Coordinators to reach out to NGOs, CSOs, national governments, and non-resident UN agencies, where appropriate.

Activities supported by UN-REDD at the country level are expected to take the form of Joint UN Programs whereby multiple UN organizations collaborate around a common programmatic goal. Funds will be channeled to individual organizations to meet their commitments to the Joint Program, through the Administrative Agent.

Program Coordinator

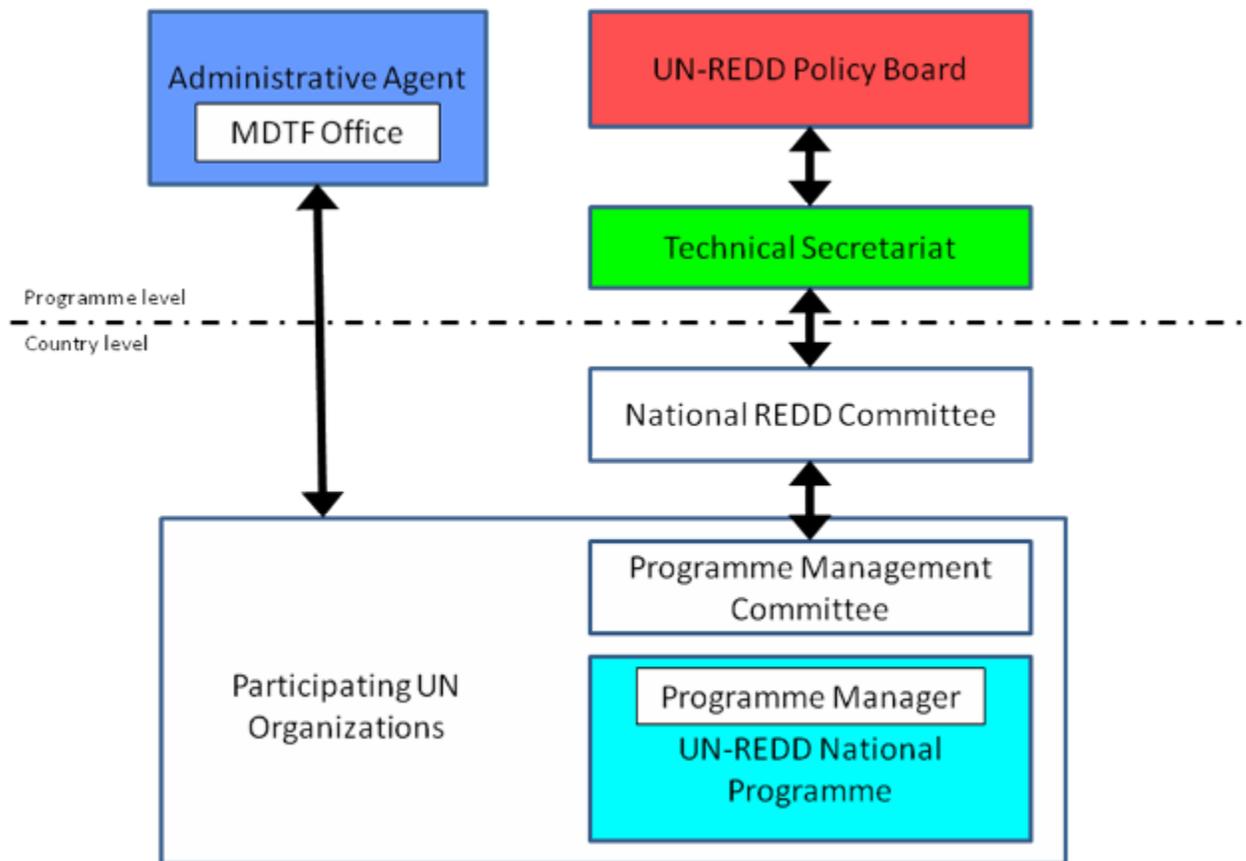
An internationally or nationally recruited program coordinator will be recruited for the duration of the Panama UN-REDD program. The program coordinator will be responsible for overall delivery of the program, including monitoring of progress. He/she shall be based in ANAM, and will be responsible for ensuring that the responsible UN agencies and implementing partners (as defined in Table 2) organize and deliver results according to the logical framework matrix (Table 1). The program coordinator will also be responsible for maintaining regular contact with other development partners to ensure that the Panama UN-REDD program responds to new initiatives developed by those partners.

COONAPIP role in project implementation

During the entire preparation process, especially during consultancy, the National Coordination Entity of Indigenous Peoples of Panama (COONAPIP) will be the entity responsible for the communication and coordination through its eleven Congresses and General Councils.

COONAPIP is recognized as the institution that groups the Indigenous Peoples of Panama and will be responsible for the activities during the preparatory phase of the UN- REDD program in indigenous territories. The indigenous Congresses will be responsible for the implementation of the REDD strategy. (See Annex).

Figure 1: UN-REDD National Management Arrangements



7. Fund Management Arrangements

The UN-REDD Collaborative Program utilizes the 'pass-through' modality for fund management (see graphic illustration below). Participating UN organizations, in this case FAO, UNDP, and UNEP, assume full programmatic and financial accountability for the funds received from the Administrative Agent.

Graphic illustration of fund management for a Joint Programme with Pass-Through Funding



Each Participating UN Organization shall decide on the execution process with its partners and counterparts following the organization's own regulation and rules. National governments, Regional Development Banks, and NGOs can receive funding through a Participating UN Organization and act as executing agencies. Participating UN Organizations shall be entitled to deduct their indirect costs on contributions received according to their own regulations and rules, taking into account the size and complexity of the particular program. Any indirect costs will be reflected in the Joint Program submitted to the Technical Secretariat. Indirect costs will not exceed 7 per cent of the project budget. These costs cover general oversight, management, and quality control, in accordance with its financial regulations and rules. Specialized service delivery costs for program and project implementation may be recovered directly, in accordance with the respective Participating UN Organizations' policies.

Each Participating UN Organization will use the funds disbursed to it by the Administrative Agent from the UN-REDD Program MDTF to carry out the activities for which it is responsible as set out in this document as well as for its indirect costs. The Participating UN Organizations will commence and continue to conduct operations for the UN-REDD Program as set out in the UN-REDD MOU or as instructed by the UN-REDD Policy Board. The Participating UN Organizations will not make any commitments above the approved budgets, as amended from time to time by the Policy Board. If there is a need to exceed the budgeted amounts, the Participating UN Organization concerned will submit a supplementary budget request to the UN-REDD Policy Board, through the Technical Secretariat.

The Administrative Agent will ensure consistency of the approved Joint Program with the applicable provisions of the Standard Administrative Arrangements (SAA) entered between

donors and the Administrative Agent, and the MOU between the Participating UN Organizations and the Administrative Agent.

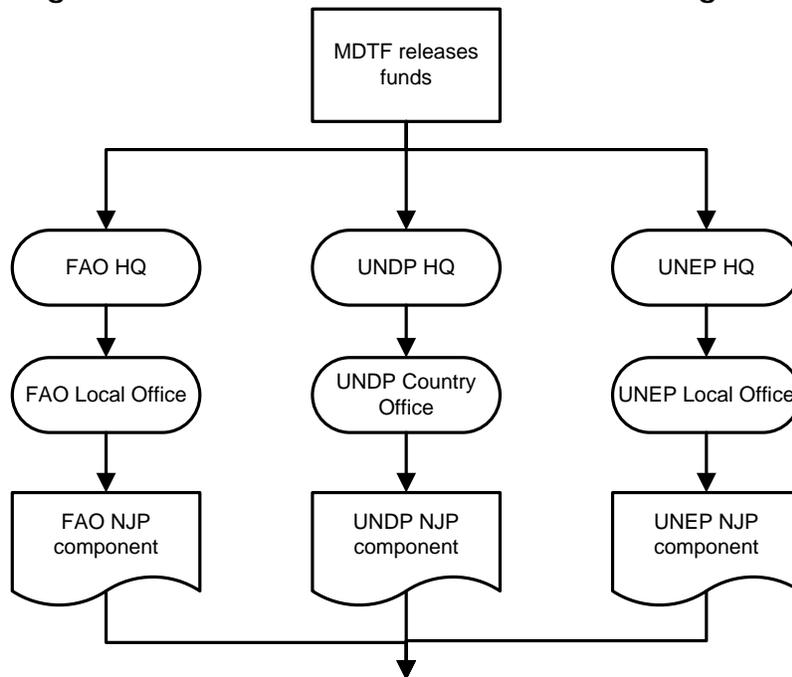
Transfer of Cash to National Implementing Partners

Funds will be released in accordance with the UN-REDD Program Rules of Procedure. These procedures require the Technical Secretariat to submit the following to the Administrative Agent:

- Copy of the signed NJP document with the approved budget
- Submission Form, signed by the Chair of the Policy Board.

Upon receipt of the necessary documentation, the Administrative Agent shall release funds to the Participating UN Organizations as set out in Section II of the Memorandum of Understanding for the Multi-Donor Trust Fund (available at www.undp.org/mdtf/UN-REDD/overview.shtml). The Administrative Agent shall notify the Participating UN Organizations and the UN Resident Coordinator when the funds have been transferred. Each Participating UN Organization shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.

Figure 2: Flow of Funds for National Joint Programs



The specific cash transfer modalities for the Participating UN Organizations are:

- **FAO:** the FAO local office will transfer funds to the relevant national partners on a reimbursement basis. Funds will be managed according to FAO financial rules and regulations.
- **UNDP:** funds will be transferred from UNDP/BDP/EEG to the UNDP Country Office. Fund utilization will be according to the UN Harmonized Approach to Cash Transfers. The

payment will take the form of “direct cash transfer”, “direct payment” or “reimbursement”. Funds will be managed in accordance with UNDP financial rules and regulations.

- **UNEP:** the ROLAC office shall manage its program funds in accordance with UNEP’s financial rules and regulations. Accountable advances will be transferred to the selected partners in this Joint Program, following the designated modalities outlined in the agreements and/or subcontracts with UNEP.

8. Monitoring, Evaluation and Reporting

Table 2: Joint Program Monitoring Framework (JPMF)

Expected Results (Outcomes & outputs)	Indicators (with baselines & indicative timeframe)	Means of verification	Collection methods (with indicative time frame & frequency)	Responsibilities	Risks & assumptions
Outcome 1: Institutional capacity established for the efficient coordination and execution of the Panama REDD national strategy					
1.1. Legal framework for the implementation of the REDD national strategy validated	<ul style="list-style-type: none"> - Proposal of legal framework to support implementation of REDD strategy approved by 2012 - X number of beneficiaries support the implementation of the legal framework (this number will be defined upon beginning of activities) - By 2011, there is consensus reached on the issue of carbon ownership 	<ul style="list-style-type: none"> -National consultation reports -Press releases -Technical reports -Drafts of legal documents -Technical reports -Consensus agreements 	tbd	UNDP/UNEP	<ul style="list-style-type: none"> A strong national consensus is necessary Active participation of the indigenous groups is key Technical assistance is necessary
1.2. Operational framework for the implementation of the REDD strategy	<ul style="list-style-type: none"> - Operational framework develop by 2010 - Number of sectorial policies that include REDD objectives (baseline and goal tbd) - Level of Government investment to sustain REDD strategy implementation (baseline and goal tbd) - The National 	<ul style="list-style-type: none"> -National consultation reports -Press releases -Technical reports -Drafts of legal documents 	tbd	UNDP/UNEP	<ul style="list-style-type: none"> Strong feeling of ownership of the different sectors is necessary Active participation of indigenous groups is key Technical assistance is necessary Requires long term investment

	REDD Committee facilitates coordination among relevant actors.				
1.3 Sectorial, institutional, municipal and individual capacities strengthened	<ul style="list-style-type: none"> - National training plan defined by 2010 - X number of relevant participants has the capacity to implement the REDD strategy (baseline and target tbd) 	<ul style="list-style-type: none"> -Revise training material -Revise consultation reports -Discussions with pilot municipalities -Discussions with indigenous groups -Discussions with central institutions -Verify levels of investments for training 	tbd	UNDP/UNEP	<p>Technical Advisor operating at sufficient capacity</p> <p>A payment and benefit distribution system verified and operational</p>
1.4. A payment and benefit distribution system validated and operational	<ul style="list-style-type: none"> - A payment and benefit distribution strategy completed and validated at the national level by 2011 - Entity in charge of providing and monitoring payments established by 2012. - Level of understanding and approval of local actors of cost assessment methodologies - Level of understanding and approval of actors of payment mechanisms 	<ul style="list-style-type: none"> -Technical and economic reports -Surveys with local actors 	tbd	UNDP	<p>Complexity of the calculation methods</p> <p>Risk that certain actors do not understand the economic and technical concepts</p> <p>Approval of economic proposals by local actors is necessary</p>
Expected Results (Outcomes & outputs)	Indicators (with baselines & indicative timeframe)	Means of verification	Collection methods (with indicative time frame & frequency)	Responsibilities	Risks & assumptions
Outcome 2: Technical capacity to monitor, measure, report and verify the reduction of emissions from the deforestation and forest degradation					
2.1. A national forests and carbon inventory and monitoring system	<ul style="list-style-type: none"> - National System designed by 2011 - Number of demonstrative pilot project for forest and carbon monitoring (baseline and target tbd) - By 2011, number of local 	<ul style="list-style-type: none"> - Technical report on the design of the inventory and monitoring system - Technical report on the methods for estimating biomass and carbon - Progress reports - Final report 	tbd	FAO/ANAM	Efficient institutional coordination

	<ul style="list-style-type: none"> actors trained on carbon and forest monitoring. - Methods for estimation of carbon biomass defined by 2011. - Results of biomass and carbon stocks analyzed and ready for use by 2012 				
2.2. A Reference Emissions scenario	<ul style="list-style-type: none"> - First baseline established by 2011 - Number of local actors trained in the definition of a reference emission scenario - By 2011 have a final R.E.L. based on the new data of the inventory and monitoring system 	<ul style="list-style-type: none"> - Technical report on methods for establishing the R.E.L. - Progress reports - Technical report on the R.E.L. in the Republic of Panama 	tbd	FAO/UNEP/ANAM	Panama assigns priority and allocates adequate resources to the project Technical advisory on methodology by stakeholders
2.3. A system for carbon accounting and information on emissions	<ul style="list-style-type: none"> - A system for carbon accounting defined by 2012 - A National Office for Greenhouse Gases established and operational 	<ul style="list-style-type: none"> - Creation of the office - Allocation of the national budget - National reports on the Inventory of Greenhouse Gases 	tbd	FAO/UNEP/ANAM	Institutional commitment and resources allocation

Annual/Regular reviews:

Activities carried out by the Participating UN Organization shall be subject to internal and external audit as articulated in their applicable Financial Regulations and Rules. In addition, the Technical Secretariat will consult with the Participating UN Organizations on any additional specific audits or reviews that may be required, subject to the respective Financial Regulations and Rules of the Participating UN Organizations. Participating UN Organizations will provide a summary of their internal audit key findings and recommendations for consolidation by the MDTF Office and submission to the Policy Board and National REDD Committee as applicable.

The Government, particularly the Executing Agency or Lead Implementing Partner, and the Participating UN Organizations, shall jointly conduct scheduled/annual planning and review meetings for all activities covered in the results framework, monitoring and evaluation plan, and work plans covered by this Joint Program. This will include an assessment of the risks and assumptions to determine whether they are still holding.

Evaluation:

The Technical Secretariat will establish an Evaluation Plan which ensures that all programs supported by the UN-REDD Program will undertake a final evaluation, which will assess the relevance and effectiveness of the intervention, and measure the development impact of the results achieved, on the basis of the initial analysis and indicators described at the time of program formulation. Furthermore, the Technical Secretariat from time to time shall lead reviews for programs as necessary.

Reporting:

At the national level, the Participating UN Organizations are required to provide narrative reports on results achieved, lessons learned, and the contributions made to the Joint Program. The information shall be consolidated by the Program Manager into a narrative report every 6 months. The Technical Secretariat shall provide the Policy Board updates on the implementation progress of the Joint Program every 6 months, based on information received from the Program Manager. The UN Resident Coordinator will assist in ensuring the Participating UN Organizations at the country level provide the necessary information. The UN-REDD Coordination Group shall also follow-up with the relevant officers and representatives of the Participating UN Organizations.

The Administrative Agent will provide regular updates on the financial status of the MDTF to the Policy Board, for review and action as appropriate.

Participating UN Organizations in receipt of UN-REDD resources will be required to provide the Administrative Agent with the following statements and reports:

- Narrative progress reports for each twelve-month period ending December 31, to be provided no later than three months after the end of the applicable reporting period;
- Annual financial reports as of December 31 each year with respect to the funds disbursed to it from the Joint Program Account, to be provided no later than four months after the end of the applicable reporting period;
- A final narrative report and financial report, after the completion of all Joint Program activities financed from the UN-REDD MDTF, to be provided no later than April 30 of the year following the financial closing of Joint Program activities;
- A final certified financial statement, to be provided no later than June 30 of the year following the financial closing of Project activities.

The Administrative Agent shall prepare consolidated narrative progress and financial reports consisting of the reports referred to above submitted by each Participating UN Organization, and shall provide those consolidated reports to the respective Resident Coordinators and subsequently to the UN-REDD Policy Board through the Technical Secretariat.

Subsequently, in accordance with the MOU and the SAA, the Administrative Agent will submit consolidated narrative and financial reports to all UN-REDD Program donors. Agreed standard UNDG financial and progress reporting formats will be utilized. The Administrative Agent will also submit to donors a certified annual financial statement (Source and Use of Funds).

Information given to the press, to the beneficiaries of the UN-REDD Program, all related publicity material, official notices, reports and publications, shall acknowledge the role of the UN-REDD donors, the UN Agencies, and any other relevant parties.

Whenever possible and to the extent that it does not jeopardize the privileges and immunities of UN Agencies, and the safety and security of their staff, UN Agencies will promote donor visibility

on information, project materials and at project sites, in accordance with their respective regulations, rules, policies, and procedures.

9. Legal Context or Basis of Relationship

The Participating UN Organizations (FAO, UNDP and UNEP) have signed a Memorandum of Understanding (MOU) to implement the UN-REDD Collaborative Program, which came into effect on June 20, 2008 and ends June 20, 2012.

This Joint Program document is consistent with the cooperation/assistance agreements signed by the lead UN agencies involved in this program with the Government of Panama. For the UNDP, this Document is pursuant to the Country Program Action Plan and the Standard Basic Assistance Agreement (SBAA) it signed with the Government of Panama. All provisions in the SBAA therefore apply to this document. Consistent with Article III of the SBAA, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- Put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried out; and
- Assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

The **UNDP** reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

On the part of the **FAO**, this document is consistent with the basic agreement with the Government of Panama as indicated in the exchange of letters between the Government of Panama and FAO on [*insert date(s)*]. The FAO Representative shall represent the Organization in Panama, and shall be responsible within the limits of the authority delegated to him/her, for all aspects of the Organization's activities in the country. In the effective performance of his/her functions, the FAO representative shall have access to appropriate policy and planning levels of Government in the agriculture, fishery, and forestry sectors of the economy, as well as to central planning authorities. He/she shall maintain close liaison with the Government's coordinating agency for external assistance and thereby serve to keep all the appropriate Government agencies fully informed on all aspects of the policies and procedures of FAO's program in Panama.

On the part of **UNEP**, this document is consistent with the basic agreement with the Government of Panama as indicated in the agreement between the Government of Panama and UNEP [*insert date(s)*]. The UNEP Representative shall represent the Organization in Panama, and shall be responsible within the limits of the authority delegated to him/her, for all aspects of the Organization's activities in the country. In the effective performance of his/her functions, the UNEP representative shall have access to appropriate policy and planning levels of Government related to environment and development as well as to central planning authorities. He/she shall maintain close liaison with the Government's coordinating agency for external assistance and thereby serve to keep all the appropriate Government agencies fully informed on all aspects of the policies and procedures of UNEP program in Panama.

The Participating UN Organizations agree to undertake all reasonable efforts to ensure that none of the funds received pursuant to UN-REDD are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by Participating UN Organizations do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via

<http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this program document.

10. Work Plans and Budget

The Policy Board may approve national Joint Programs with budgets that identify the allocation of the program and indirect costs to each Participating UN Organization. However, before funds may be released each Joint Program must include a budget using the 2006 UNDG harmonized budget categories for each Participating UN Organization's portion of the program.

The work plan and budget of this Joint Program have been developed jointly by the three Participating UN Organizations and the Government of Panama. The work plan details the expected outcomes, outputs, and activities to be carried out within the program, the implementing partners, time frames, and planned inputs from the Participating UN Organizations. An annual work plan and budget will be produced each year for each Participating UN Organization, subsequent to the decisions of the annual/regular reviews. Each work plan will be approved by the UN-REDD Technical Secretariat and signed by the implementing partners.

Work Plan for: (Insert name of the Joint Program/Project)

Period (Covered by the WP) ¹⁸ _____

JP Outcome										
UN organization-specific Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount
JP Output 1:										
(of UN organization 1)										
(of UN organization 2)										
(of UN organization 3)										
JP Output 2:										
(of UN organization 1)										
(of UN organization 2)										
Total Planned Budget										
Including*	Total UN organization 1									
	Total UN organization 2									
	Total UN organization 3									

¹⁸ Annual Work plans cover not more than a 12-month period. However, usually at the start-up of the program, these may cover less than one year. In both cases, the corresponding period should be specified.

* The Total Planned Budget by UN Organization should include both program cost and indirect support cost

Signatures¹⁹:

UN organization(s)	Implementing Partner(s)
Replace with: <i>Name of Representative</i> <i>Signature</i> <i>Name of Organization</i> <i>Date</i>	Replace with: <i>Name of Head of Partner</i> <i>Signature</i> <i>Name of Institution</i> <i>Date</i>

Standard Joint Program Budget

JOINT PROGRAM BUDGET *

CATEGORY	INDICATIVE ITEM DESCRIPTION	UNIT COST	NUMBER OF UNITS	AMOUNT**	
1. Supplies, commodities, equipment and transport	Equipment, materials & goods, communications & audiovisual equip., IT equip., transportation, furniture	tbd	tbd		
2. Personnel (staff, consultants and travel)	International consultants, local consultants, institutional consultancy contracts, travel, contractual services - individuals, temporary assistance, overtime costs, admin support personnel, staff training development	tbd	tbd		
3. Training of counterparts	Training of government, training of NGO staff, training of CSOs, CBOs, in-service training, workshops, conferences, field site visits	tbd	tbd		
4. Contracts	Contractual services - companies, grants to institutions, subcontracts, retainers, professional services,	tbd	tbd		
5. Other direct costs	Miscellaneous expenses, hospitality, audio visual & print production costs, office supplies, premises rental, operating expenses, utilities general, communication costs				
Total Program Costs					
Indirect Support costs***		tbd	tbd		
GRAND TOTAL **					

¹⁹ When CSOs/NGOs are designated Implementing Partners, they do not sign this Work Plan. Each participating UN Organization will follow its own procedures in signing Work Plans with CSOs/NGOs.

* This is based on the UNDG Harmonized Financial Reporting to Donors for Joint Programs approved in 2006. Definition of the categories can be found in the instruction which is available on <http://www.undg.org/docs/9442/Explanatory-Note---Annex-D.doc>.

** The AA requires only completion of 'AMOUNT,' 'Total Program Costs,' 'Indirect Support Costs,' and 'GRAND TOTAL.' The Steering Committee may require additional details which can be included in this budget.

*** Indirect support cost should be in line with the rate or range specified in the Fund TOR (or Joint Program Document) and MOU and SAA for the particular JP. Indirect costs of the Participating Organizations recovered through program support costs is 7%.

All other costs incurred by each Participating UN Organization in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs, in accordance with the UN General Assembly resolution 62/209 (2008 Triennial Comprehensive Policy Review principle of full cost recovery).

Note: Each Participating Organization should submit their individual budget using this format, in addition to the total budget for the entire Joint Program.

Annexes