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**Panama Forest Protocol for
Offset Credits of the Climate
Action Reserve V1.0
Workgroup Meeting 2: Eligibility**

March 15, 2023

Introduction



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Solutions

Housekeeping

- Workgroup members have the opportunity to actively participate throughout the meeting
 - Ask that you keep yourselves muted unless / until would like to speak
- We will ask and take questions throughout the session
 - Please use the raise your hand function
- All other attendees/observers are in listen-only mode
- Observers are free to submit questions in the question box
- We will follow up via email to answer any questions not addressed during the meeting
- The slides and a recording of the presentation will be posted online

Agenda



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1. Presentations
2. Process Overview
3. Key Considerations for Eligibility
 1. Land Tenure
 2. Project and activity areas
 3. Eligible activities
4. Questions, comments, and next steps



Development process

PANAMA FOREST PROTOCOL FOR OFFSET CREDITS

Workgroup Members

Organization (Alphabetical)	Name
Asociación Nacional de Técnicos Forestales de Panamá - ANTEFORP	Jose Angel Rojas Gamboa
BAM	Juan Carlos Flores Del Castillo
Bioforestal Innovación Sustentable	Jesus Morales
BRET CONSULTORES	Teresa Tattersfield
CO2 Cero	Andrés Silva
Comarca Ngäbe-Buglé	César Bernal
Congreso General Guna	Jorge Andreve
Consultora de proyectos de Carbono Forestal	Adriana Abondado Pineda
Consultores Ecológicos Pnameños SA (CEPSA)	Ramon Alvarado
Earthshot Labs	Andrew Coates
Ecotopia Teak	Carlos Maestre
Fac. Ciencias Agropecuarias - Universidad de Panamá	Dimas Arcia
Fundación Natura	Rosa Montañez
Futuro Forestal	María Gallegos
Geo Forestal, S.A	Jacobo Melamed
Instituto Nacional de Investigaciones Forestales Agrícolas y Pecuarias	Geronimo Quiñonez Barraza
MiAmbiente	Verónica González
Ministry of the Environment, the Fight Against Climate Change, Quebec	Philippe Gregoire
Panama Teak & Forestry Inc	Itzel Ivon Rodriguez
South Pole	Maria Fernanda Buitrago Acevedo
Terra Global Capital	Gregory C. Ives
Universidad Tecnológica de Panama	Carlos Espinosa Peña
Wetlands International	Andrés Fraiz
World Resources Institute (WRI)	René Ibarra

Purpose

- To familiarize workgroup members with offset protocol development process – what we typically want in an offset protocol
- To present and solicit feedback from workgroup members on key considerations for the Panama Forest Protocol for Offset Credits Version 1.0
- Provide draft protocol for reference and then revisions

Protocol Development Overview

- **GOAL:** To create a robust Panama Forest Protocol that provides best practices for GHG accounting to generate Climate Reserve Tonnes (CRTs)
- Ensure high quality carbon credits that guarantee the environmental and social integrity of the project.
- Align the protocol with the laws and regulations of Panama.
- Incentivize activities that increase carbon sequestration in the forestry sector.
- Generate co-benefits (social and environmental).
- Leverage lessons learned from the Reserve's US and Mexico Forest protocols
- Solicit and incorporate expert stakeholder feedback.

Timeline



Steps	Details	Feb	March	Apr	May	Jun	Jul	Aug	Sep	Oct
Formation of the Working Group	kick-off meeting									
	Submit the SOI: February 10, 2023									
Workgroup	Meeting: Eligibility - Activities		2							
	Meeting: Eligibility II – Land Tenure & Activities		15							
	Meeting: Eligibility III - Safeguards			6?						
	Meeting: Additionality			19?						
	Meeting: Permanence				4?					
	Meeting: Quantification & MRV				18?					
Draft Protocol Development										
Work Group Review										
Public Comment Period	Public Comment Period									
	Review of comments and update of the protocol									
Approval by the Board of Directors of the Reserve	October 2023									4



Workgroup Process and Expectations

CAR/Process:

- Manage the protocol development process
- Hold ~5 workgroup meetings
- Reserve staff identify and solicit feedback on specific protocol criteria
 - **Specific questions for WG will be highlighted in red**
- Reserve staff will share the draft protocol with WG
- Revise protocol based on feedback

WG/Expectations:

- Attend all (~5) workgroup sessions
- Be active participants: provide input and ask questions on protocol concepts and language
- After meetings, share additional input and expertise as needed
- Review draft protocol and provide written feedback to Reserve staff
- Be constructive, collaborative, and productive



Eligibility

PROTOCOL DEVELOPMENT CONSIDERATIONS

Forest Owner: who owns the carbon rights?

Bill 942 Climate Change Framework

- **Article 159. Right to carbon.** The use and management of carbon generated by greenhouse gas removals due to changes in biomass, dead organic matter, and soil organic carbon on Forest Land and Land Converted into forest lands, as well as coastal -marine - ecosystems will be under the authority of the Panamanian State and this, in turn, will guarantee compliance with the relevant legislation regarding this management.
- **Article 160. Right of reduction.** Any natural or legal person that, as a result of their efforts, and resources, generates a reduction in greenhouse gas emissions, shall have the right to the benefits of such reductions and may use them for purposes of mitigation, marketing, compensation within compliance of the current legal framework and prior to the registration and authorization of the Ministry of Environment and Climate Change.

Law 1 of February 3, 1994:

- **Article 10. State Forest Heritage.** The Forest Patrimony of the State is constituted by all the natural forests, the lands on which these forests are located and by the state lands of preferably forest aptitude. Forest plantations, established by the State on land owned by it, will also form part of this heritage.

Forest Owner: who owns the carbon rights?

- Does the State own all natural forest lands?
- Do individual or communal forest owners have the rights to carbon removals on their forest properties?
- Can forest owners receive credits for carbon sequestration activities? Or only for reductions in emissions?

Land Tenure Categories in Panama

Potential Forest Owners:

- Private lands
 - Rights of possession
- State lands
 - State granted concessions
 - State protected areas
- Collective property
 - Indigenous territories or comarcas
 - Rural communities
 - Collective lands (“tierras colectivas”)
- **Are these the correct primary land tenure categories?**

Land Tenure in Panama



Property Type	Definition and Implications for Carbon Project	Do they have clear property rights?	Property Documents Provided	Is their ownership limited in any way? (temporal or other)
Private Lands	<ul style="list-style-type: none"> Ownership grants the right to enjoy and dispose of goods and claim goods from the possessor (Civil Code, Article 337). There shall be no property that may not be freely transferred, nor irredeemable obligations...Nevertheless, temporary limitations to the right of transfer and the conditions or modes that suspend or retard the redemption of the obligations shall be valid for a maximum period of twenty years. (National Constitution, Article 292). 	Yes	<ul style="list-style-type: none"> Land title registered with Public Registry 	<p>Is their ownership or right to property limited to 20 years? Can they legally make long term commitments that affect their land management beyond 20 years?</p>

Land Tenure in Panama



Property Type	Definition and Implications for Carbon Project	Do they have clear property rights?	Property Documents Provided	Is their ownership limited in any way? (temporal or other)
Rights of Possession	<ul style="list-style-type: none">• Possession is defined as holding a good or enjoying a right “as the owner” (Civil Code, Article 415)• Right to use, enjoyment, and disposal.• Can be transferred by contract	Do they have undisputed ownership and clear land title documentation?	<ul style="list-style-type: none">• A regional government authority can certify Rights of Possession as well as transfer the rights. There is no centralized registry?	Are there any limitations we should consider?

Land Tenure in Panama

Property Type	Definition and Implications for Carbon Project	Do they have clear property rights?	Property Documents Provided	Is their ownership limited in any way? (temporal or other)
State Lands	<ul style="list-style-type: none"> All land without a private natural or legal owner (tierra baldía, as defined by Law 37 of 1962, Article 24) belongs to the State (National Constitution, Article 258). The State also has “patrimonial” lands, which are those acquired by the State (L. 37/1962, Article 25). 	Yes	Land title registered in Public Registry	No
State granted concessions	<ul style="list-style-type: none"> Concessions are granted by the State for a specific purpose, such as development etc. They are usually granted for a maximum of 20 years (renewable). A specific contract stipulates each party’s rights and obligations, and usually includes use and enjoyment of the asset. Frequently used for mangroves and protected areas. 	Yes	Land title registered in Public Registry	Limited to 20 years?
State protected areas	<ul style="list-style-type: none"> MiAmbiente has the authority to create protected areas and to administer the National System of Protected Areas (SINAP) for the conservation of wildlife (Law 24 from 1995, Article 4.2). 	Yes, though in some cases there may be disputed property claims on these lands?	Land title registered in Public Registry or registered in SINAP?	No

Land Tenure in Panama

Property Type	Definition and Implications for Carbon Project	Do they have clear property rights?	Property Documents Provided	Is their ownership limited in any way? (temporal or other)
Comarcas or Indigenous Territories	<ul style="list-style-type: none"> Property belonging to indigenous communities is not time-constrained and non transferrable. There are 7 Indigenous Communities “Pueblos Indígenas” distributed in 12 structures. Each Comarca has its own governance and applicable laws. There are traditional authorities at different levels: general, regional, and local councils. 	<p>Yes: what level has authority to make autonomous decisions and management plans? What level has forest/carbon rights? Or, is this dependent on the specific laws of the Comarca and thus varies by Comarca?</p>	<p>Is this dependent on the Comarca? Could the WG provide an example?</p>	No

Comments:

- The highest traditional authority, the general *cacica*, must first be consulted, then it is brought to the General Congress in coordination with the Permanent Environment Commission, and finally, FPIC must be carried out in accordance to law 37 of 2016

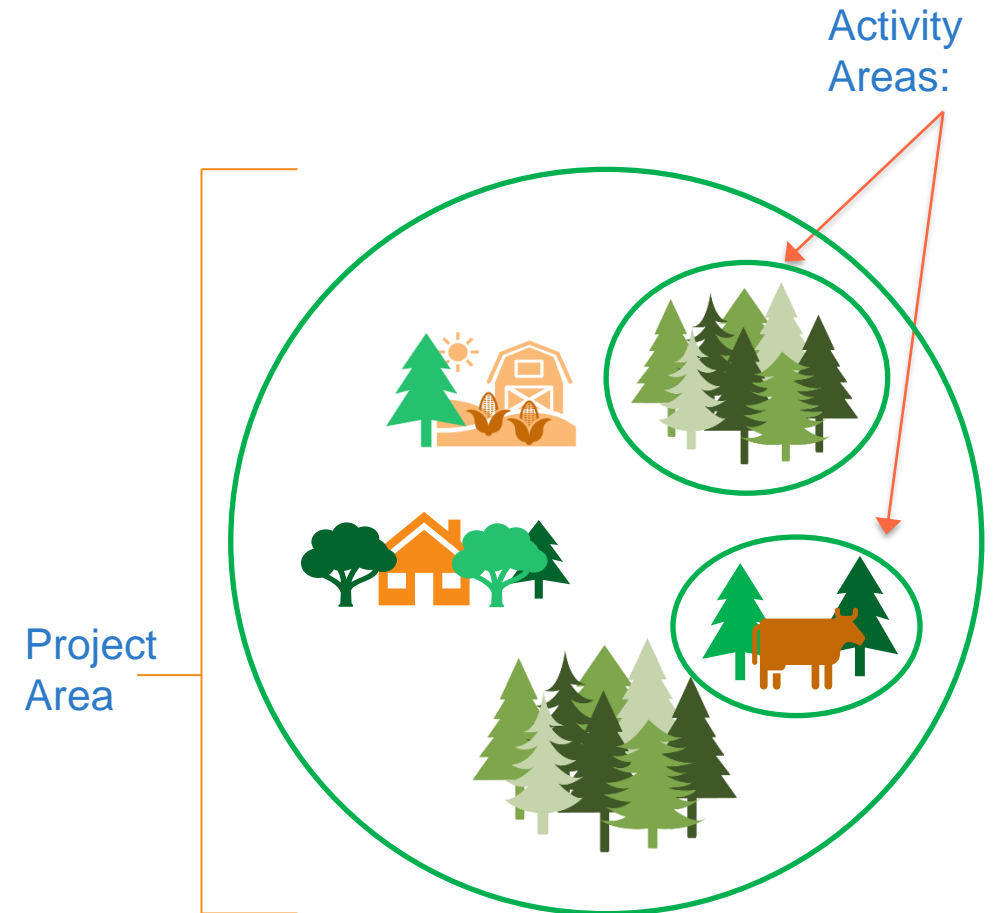
Land Tenure in Panama



Property Type	Definition and Implications for Carbon Project	Do they have clear property rights?	Property Documents Provided	Is their ownership limited in any way? (temporal or other)
Collective Lands	<ul style="list-style-type: none">• Collective ownership of land traditionally occupied by indigenous peoples and communities outside of Comarcas recognized by Law 411 of 2008• Are regulated by governmental and private entities that coordinate with traditional authorities to implement plans, programs, and projects	<p>For lands with recognized land titles, yes.</p> <p>There are various other communities that have yet to receive formal recognition.</p>	Collective land titles recognized by the National Land Authority (ANATI)	No

Project Area and Activity Area

- **Project Area:** Includes the entire area within a property
- **Activity Area:** Specific areas where the defined activities that lead to a quantifiable increase in carbon stocks are carried out
- **Purpose:**
 - Allows for the inclusion of multiple activities within one Project
 - Can reduce administrative and project development costs for activities
 - Activities that are traditionally not economically viable can be incentivized
 - Allows for different levels of monitoring:
 - Project area: monitoring of leakage
 - Activity area: quantification of carbon stocks/removals



Does the WG agree with this?

Comments Received

- Comments in support of the general design of the Project Area and Activity Areas
- Comment in support of requiring inclusion of all land titles to avoid leakage
- Comment in support of requiring all titles with forest lands, excluding plantations, following the Forest Legislation
- Comment not in support of requiring all land titles: could be challenging for landowner

Reserve suggestion: include all forest land titles, excluding plantations, in the Project Area. Note that a forest owner can decide what areas within the Project Area are included in the Activity Areas, where the carbon stocks are quantified and MRV is conducted to ensure permanence. However, the forest cover of the entire PA is monitored using remote sensing to avoid leakage.

Thoughts?

Potential Activities



- To facilitate adaptation of the protocol, include only those activities that result in carbon increases (i.e. removals/sequestration) are considered.
- "Activities" are discrete management actions that increase carbon sequestration in forests and forest products above the baseline.
- Potential activities include:
 - Agroforestry and Silvopastoral Systems
 - Improved Forest Management
 - Reforestation
 - Restoration
 - Urban Forests
- Note: by only including removals, this can help facilitate reconciliation with jurisdictional REDD+ programs
- Does the WG agree with these eligible activities?



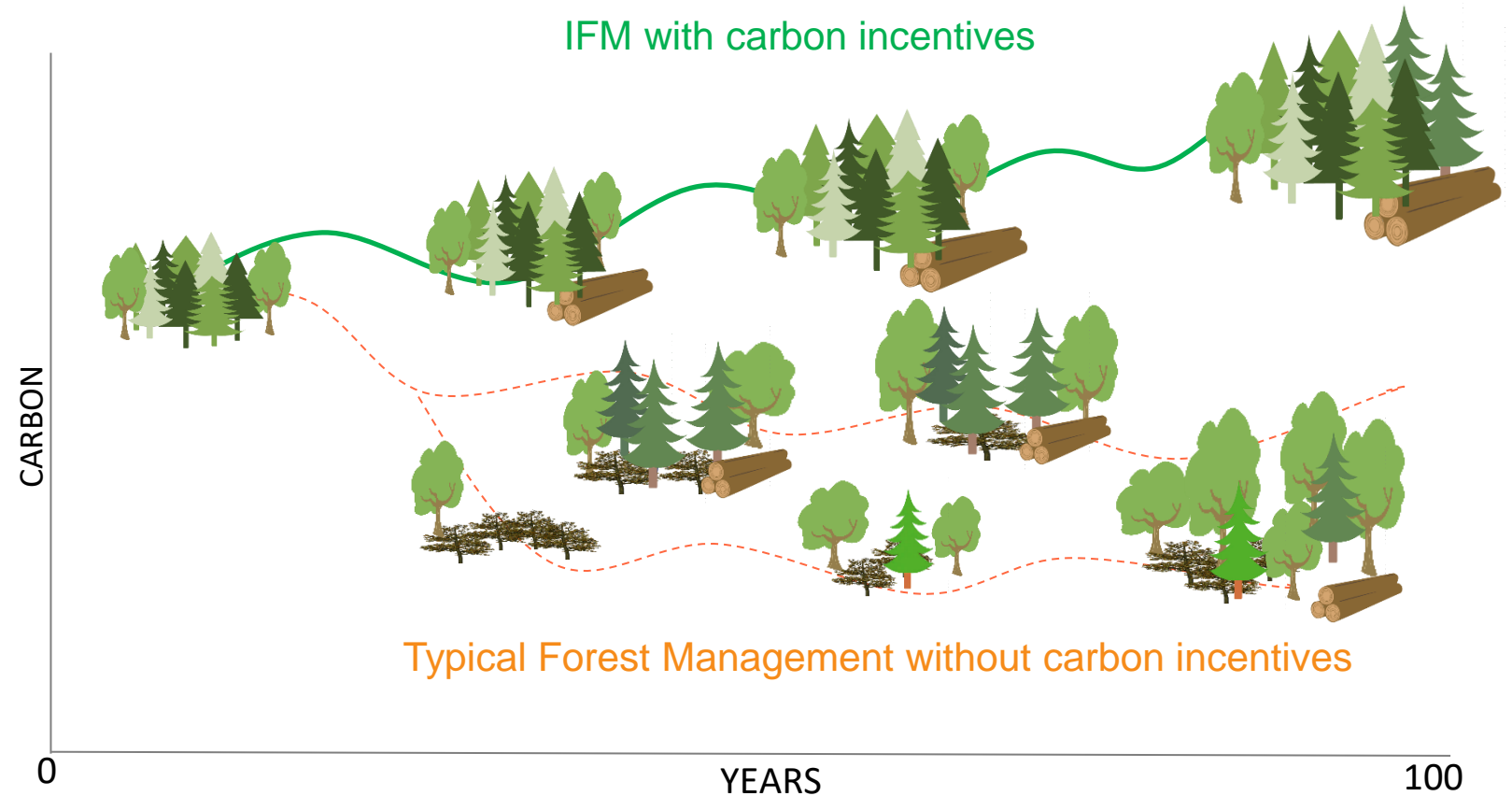
Definition of Activities: Agroforestry and Silvopastoral Systems

Activity Area	Description
Agroforestry and Silvopastoral Systems	<ul style="list-style-type: none">• Agroforestry is the intentional integration of trees into non-tree crop and animal farming systems.• The main human activity is agriculture and/or livestock• Land cover is defined as agriculture or grassland• Trees are planted or natural regeneration is promoted• Trees may exist amongst, or adjacent to the cultivated crops and grazing areas, and may be harvested as allowed by law.

- Comments?

Definition of Activities: Improved Forest Management

- Economic returns are important drivers for forest management.
- Carbon finance provides an incentive to invest in tree thinning to maintain healthy and growing trees and defer timber revenue until forests grow in maturity and productivity.



Definition of Activities

Activity Area	Description	Criteria
Improved Forest Management	<p>A set of management actions that enhance sequestration and resiliency of sequestered carbon in forest landscapes under harvest management plans. Activities that lead to carbon enhancements in managed forests, may include, but are not limited to, the following actions:</p> <ul style="list-style-type: none">▪ Increase the harvest rotation age towards optimum rotation age.▪ Harvest selection while thinning to retain the best genotypes and phenotypes to improve the rate of sequestration.▪ Control stocking to manage competition, and the related effects on forest growth and resiliency.▪ Increase stocking in understocked areas within the managed forest.▪ Reduction of litter and surface fuels in fire-prone ecosystems to enhance resiliency.	<p>The primary land cover is forest, which may be present in varying densities and sizes, and the forest has a forest management program authorized for the purposes of commercial timber harvest.</p>

- What is the government agency that authorizes the forest management programs in Panama?
- Do the forest management programs allow for harvest of up to 100% annual growth?
- If not, how is the authorized volume determined? Can an example be provided?

- Other comments?

Definition of Activities

Activity Area	Description	Criteria
Reforestation	Direct planting of native tree seedlings or site preparation activities that result in forest regeneration of native species, resulting in enhanced carbon sequestration.	<ul style="list-style-type: none">• Can occur on landscapes that have been out of forest cover for the past 5 years• OR have recently been impacted by a natural disturbance that has reduced the canopy cover to less than 50%.• Can occur within protected areas.

- Comments?

Definition of Activities

Activity Area	Description	Criteria
Restoration	<ul style="list-style-type: none">• Restoration is a set of actions applied to increase carbon stocks and canopy cover on degraded natural forests.• Actions may be direct and include tree planting, authorized thinning for disease and infestation, or other silviculture action to increase forest cover.• Actions may also be indirect and focused on reducing ongoing actions that led to degraded forest conditions, thereby enabling natural forest succession to enhance carbon stocks.	<ul style="list-style-type: none">• Restoration is an eligible activity in any natural forest, including protected areas, that does not have an authorized Forest Management Program for commercial timber harvest and/or where commercial harvesting is prohibited due to a law, regulation, or norm.• Actions implemented may not contradict any regulation or management plan governing the Activity Area.

- Comments?

Definition of Activities

Activity Area	Description	
Small Urban Forests	<ul style="list-style-type: none">The direct planting and management for increased forest cover within urban areas.	<ul style="list-style-type: none">Can only occur on lands zoned as urban.Include urban areas less than 10 contiguous hectares with a minimum 10% canopy cover and can include the planting of street trees.
Large Urban Forests		<ul style="list-style-type: none">Can only occur on lands zoned as urban.Occur on urban landscapes that are at least 10 contiguous hectares with a minimum of 10% canopy cover.

- What is the appropriate government agency or data source for defining urban areas?
- Other comments?



SUMMARY AND NEXT STEPS

Timeline of protocol development



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Next steps

- ***For Interested Stakeholders:***
 - Still can submit Local Engagement Form
 - Email interest to sign up for updates as an observer
 - Email us feedback anytime
- ***For Reserve:***
 - Compile summary notes on discussion
 - Post recording, notes, and presentation to the webpage
 - Start drafting protocol with workgroup considerations
 - Prepare for next workgroup meeting: **April 6th?**
- ***For Workgroup:***
 - Email feedback on today's discussion by **March 24th**
 - Look out for invitation for next meeting: **April 6th**



QUESTIONS OR COMMENTS?

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