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**Panama Forest Protocol for
Offset Credits of the Climate
Action Reserve V1.0
Workgroup Meeting 3:
Safeguards**

April 19, 2023

Introducción



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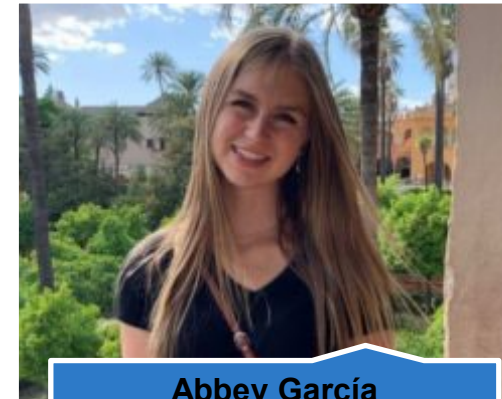
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Housekeeping

- 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. Recap Project Eligible activities
 2. Safeguards
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			19						
	Meeting: Additionality				3					
	Meeting: Permanence				17?					
	Meeting: Quantification & MRV									
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



Eligibility

PROTOCOL DEVELOPMENT CONSIDERATIONS

Potential Activities Recap

- 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
- The Reserve is continuing to evaluate the comments received from the last WG meeting and will incorporate them in the WG draft.

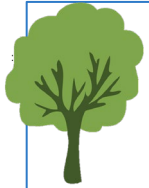


Environmental Safeguards



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In order to ensure that all projects have environmental benefits beyond carbon and support the ecosystem services provided by natural forests, projects must:



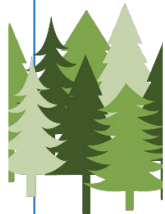
Maintain or increase
carbon stocks



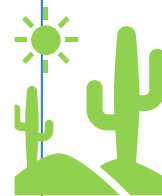
Use a variety of native
species



Implement sustainable
harvesting practices



Maintain forest cover in
the Project Area



Maintain natural soil cover

Environmental Safeguards

Environmental Safeguard	Applicable Activities	Guidance
ES1 Maintenance of forest carbon stocks	All	Activity Areas must maintain or increase standing live and dead carbon stocks over the project life, as determined by a running 10-year average of carbon stocks within the Activity Areas. Exceptions may be granted for cases of natural disturbances or silviculture activities aimed at reducing an imminent risk of disease or pest infestation.
ES6 Maintenance of natural land cover	Reforestation	Forest Projects should take into consideration the effects of project activities on ecological processes; where project activities result in the conversion of natural land cover, the Forest Owner must provide justification to be approved by the Reserve.

- Comments?

Environmental Safeguards

Environmental Safeguard	Applicable Activities	Guidance
ES2 Native Species	IFM, Restoration, Reforestation	<ul style="list-style-type: none"> • Demonstrate progress towards achieving 95% native species within the AAs, as measured by average trees/ha. • Exceptions for climate change strategies indicated/approved by MiAmbiente. <ul style="list-style-type: none"> • For IFM and Restoration: must be met within 50 years. • For Reforestation: must be met immediately following the establishment of a new forest stand.
	Large Urban Forestry	<ul style="list-style-type: none"> • May not reduce the percent of native species throughout the project life.
	Agroforestry and Silvopastoral	<ul style="list-style-type: none"> • For Agroforestry and Silvopastoral AAs in excess of 30% tree canopy cover, the tree composition must comply with 80% native species as measured by trees/ha and determined on any 5 ha within the AA. • Agroforestry AA's must meet this requirement at the AA's start date.

- Is MiAmbiente the appropriate agency to issue a letter allowing the use of a non-native species for climate change adaptation purposes?
- Other comments?

Environmental Safeguards

Environmental Safeguard	Applicable Activities	Guidance
ES3 Composition of Native Species	IFM, Restoration, Reforestation	<ul style="list-style-type: none"> • Must demonstrate progress towards meeting the composition of native species. <ul style="list-style-type: none"> • For IFM and Restoration: must be met within 50 years. • For Reforestation: must be met immediately following the establishment of a new forest stand. • There are exceptions for ecological reasons approved by Miambiente.
	Large Urban Forestry	<ul style="list-style-type: none"> • If a single species comprises more than the proportion indicated, the proportion of the dominant species may not be intentionally increased throughout the project life.
	Agroforestry and Silvopastoral	<ul style="list-style-type: none"> • For Agroforestry and Silvopastoral AAs in excess of 30% tree canopy cover, as determined on any 5 ha within the AA, the composition of native species shall meet the requirements within 25 years of the start date.

- Is MiAmbiente the appropriate agency to issue a letter allowing the use of a non-native species for climate change adaptation purposes?
- Other comments?

Composition of Native Species

Project Activity Areas*	Native Species Composition Requirements (Trees per Hectare)
Up to 10 hectares	Up to 100% can be in one species.
>10 to ≤50 hectares	Up to 90% can be in one species.
>50 to ≤100 hectares	No more than 80% can be in one species. The balance must be made up of at least two other species.
>100 to ≤1,000 hectares	No more than 70% can be in one species. The balance must be made up of at least two other species.
Greater than 1,000 hectares	No more than 60% can be in one species. The balance must be made up of at least three other species.

*The area is determined by the sum of hectares in each Activity Area.

- **Comments?**

Environmental Safeguards

Environmental Safeguard	Applicable Activities	Guidance
ES4 Maintenance or increase of tree canopy cover throughout the Project Area	IFM, Restoration, Reforestation, Agroforestry, Silvopastoral	<ul style="list-style-type: none">• Tree canopy cover throughout the PA must not decrease as a result of human activities over the project life relative to the start date.• If a decline in tree canopy cover in excess of 5% is detected, as measured through remote sensing, the project must rectify the loss through reforestation in the subsequent 6 RPs.• There are exceptions for natural disturbances or activities planned by governmental agencies.

- Comments?

Environmental Safeguards

Environmental Safeguard	Applicable Activities	Guidance
ES5 Sustainable harvesting practices	IFM	<ul style="list-style-type: none">• Where harvest occurs within the AAs in a contiguous area larger than 5 ha, a tree, or group of trees, representative of the age cohort that was harvested, can be no further than 100 m from other trees, either within the harvest area or outside of the harvest area in order to provide refugia for plants and animals.• Should these retained trees fall due to wind events, the fallen trees may be harvested. Retained trees may not be felled intentionally until the regenerated stand reaches 10-years of age.• Exceptions, related to safety, ecological, or other rationale, to this requirement may be granted if the request is made to the Reserve in writing prior to the exception occurring.

- Comments?
- Is this a common practice in Panama?

Environmental Safeguards

Environmental Safeguard	Applicable Activities	Guidance
ES7 Soil disturbance during site preparation for tree planting	All	<ul style="list-style-type: none">• Site preparation using deep ripping is prohibited from affecting more than 1% of an AA in any year as determined by the area encompassed by the channels produced by a single ripper.• Such channels are defined by the width of the ripper tine used, plus 0.5 meter on each side.• In cases where deep ripping does exceed 1% of an AA in a given year, crediting for any increases in forest carbon stocks will be suspended for the number of RPs equivalent to the proportion of the AA affected, rounded up to the nearest percentage point.• For example, if deep ripping on a 100-hectare AA is performed over a combined channel length of 22,000 meters using a ripper with a tine width of 0.1 meter, resulting in 2.4% of the AA being affected, crediting would be suspended for the AA for three RPs , including the RP during which deep ripping occurred.

- Is this a common practice in Panama?
- If not, shall we exclude the practice for simplification?

In order to ensure all provides provide social benefits, projects must:

Free, prior and informed consent

- Have one or a series of assemblies where project issues are discussed before the vote
- Have a vote to approve the project
- In Panama, it is regulated in Law No. 37 del 2016

Notification, Participation and Documentation

- Describe how assemblies are announced
- Have spaces for participation
- Publicly document assemblies

Project governance

- Identify a project coordinator to represent the community with the verifiers and the Reserve

- Should social safeguards apply for all project types or only communal properties?

Social Safeguards: Free, Prior, and Informed Consent

Free, Prior, and Informed Consent

- Prior to project registration, Forest Owners must hold an Assembly to comply with FPIC.
 - Provisions must be made to ensure non-Spanish speaking participants can understand the material and communicate during assemblies.
 - Assemblies must be announced in a manner to ensure that the information reaches all community members, including vulnerable groups like women and young people.
 - The Assembly Acts and proof of the Assembly (through photographs or signatures) must be included in the Project Report.
 - These assemblies must adhere to proper notification, participation, and documentation requirements in the section on Notification, Participation, and Documentation below.
-
- Aligned with Law No. 37?
 - Is there legal documentation of the meetings and decisions made by the General Congress such as an assembly act?
 - Do they include a signed attendance list?
 - Are they notarized or registered with a government registry?

Social Safeguards: FPIC

Social Safeguard	Description
SS1 Forest Carbon Project Concepts	<p>The rationale behind the participation in a forest carbon project must be discussed prior to the initial approval of the Forest Project. Presentations must address the following topics:</p> <ul style="list-style-type: none">• Climate change associated with GHGs• Role of forests in mitigating climate change• Opportunities (economic and environmental) for participation in carbon project• Methods to enhance forest carbon stocks• Requirements associated with the project, including additionality and permanence• Importance of maintenance of native biodiversity• General project costs and how project design may affect project profitability

- Comments?

Social Safeguards: FPIC

Social Safeguard	Description
SS2 Anticipated Costs	Anticipated costs must be discussed and documented prior to project registration, including: <ul style="list-style-type: none">• Site preparation• Provision of and planting of forest seedlings• Inventory and monitoring• Project governance• Project verification• Changes in land use and access to resources• Administrative costs for the Forest Project• Division of costs between the project developer, Forest Owner, and other parties involved• Division of labor required by parties involved
SS3 Anticipated Benefits	Anticipated economic benefits must be discussed and documented prior to project registration, including: <ul style="list-style-type: none">• Local environmental benefits, i.e. biodiversity, water quality, soil conservation, and recreation• Economic benefits associated with carbon, along with sources for estimated carbon prices• Distribution of benefits to the community, including anticipated timing of distributions, and division of benefit payments to other actors, including project developers, aggregators, and other parties involved• Credit pricing information and where it was sourced

- Comments?

Social Safeguards: FPIC

Social Safeguard	Description
SS4 Credit Sales and Use of Funds	<p>All credit sales and use of funds generated by the project must be discussed and documented prior to each reporting period, including:</p> <ul style="list-style-type: none">• How decisions will be made regarding the use of funds generated by the project• The dynamics that determine market prices of voluntary carbon credits and sources used• Credit pricing information and where it was sourced• If the project has previously sold credits, the extent of any negotiations and all considered offers and credit pricing• If the project has previously sold credits, purchase agreements and related contracts must be presented on and made available to community members• If the project has previously sold credits, how the funds from those credits were used
SS5 Project Approval	<p>After the topics to comply with SS1-SS4 have been presented in an Assembly, the project must be approved prior to project registration through:</p> <ul style="list-style-type: none">• Established formal and/or traditional authorities• An Assembly Act with consensus (>50%) of all present community members in favor

- Comments?

Social Safeguards: FPIC

Social Safeguard	Description
SS6 Project Developer Approval & SS7 Aggregate Approval	<p>When working with a separate project developer or joining an aggregate, the decision must be approved through:</p> <ul style="list-style-type: none">• Established formal and/or traditional authorities• An Assembly Act with consensus (>50%) of all present community members in favor• A contract that determines the scope of project developer/aggregator services, the terms of payments, and the division of costs and benefits must be made available.<ul style="list-style-type: none">• Contracts must clearly establish the rights to CRTs and future credit payments, as well as terms for contract renewal, renegotiation, or termination, including measures to reassess the terms of contract on an ongoing basis or in the event of noncompliance with the terms of the contract.• The contract will be maintained as a confidential document on the Reserve registry.• For aggregates, the contract cannot define terms for a landowner beyond 6 years without requiring a new vote.
<ul style="list-style-type: none">• Comments?	

Social Safeguards: Notification, Participation & Documentation

Notification, Participation, and Documentation

Assemblies (at least once a year) are held to discuss critical elements associated with project activities. Assemblies must prove that vulnerable groups are included. Each Assembly must include the following items on the agenda:

- Forestry activities (management actions, environmental issues, grievances, other concerns/opportunities)
- Programmatic events (MRV)
- Credits issued
- Benefit sharing arrangements
- Finances

In addition to community Assemblies, community participation in the project development and verification processes is critical to ensure the longevity of the Forest Project.

- **Comments?**

Social Safeguards: Notification, Participation & Documentation

Social Safeguard	Description
SS8 Proper Notification	<ul style="list-style-type: none">• Describe how notices of Assemblies take place in order to include as many people as possible
SS9 Participation	<ul style="list-style-type: none">• Assemblies must provide a sign-in sheet so that attendance can be monitored• Opportunities for all community members to share opinions, both in writing and orally• Describe how members of the community are incorporated in the design, development, and ongoing MRV of the Forest Project
SS10 Assembly Documentation	<ul style="list-style-type: none">• An Assembly Act must document the discussions associated with each required item on the agenda• Describe how Assembly Acts will be publicly available as part of the project record

- Comments?

Social Safeguards: Project Governance

Project Governance

Forest carbon projects require an organizational structure that will endure for long periods of time. A Project Coordinator must be selected by the community to represent the Forest Owner with the project developer, verifiers, and Reserve staff.

The Project Coordinator is responsible for:

- Ensuring all project-related documentation is in order and up to date
- Ensuring Assemblies include the required elements above and providing the corresponding act
- Organizing logistics with verifiers and Reserve staff

- Comments?

Social Safeguards: Project Governance

Social Safeguard	Description
SS11 Identification of a Project Coordinator	<ul style="list-style-type: none">• A description of the nomination process and the selection/election process must be documented• PC must be approved with a >50% vote of the community present• For communities, must be a member
SS12 Role and Participation of the PC	<ul style="list-style-type: none">• The PC should be included as the Account Manager for the Forest Owner account on the registry• The PC should be included in all communications regarding the project• The PC should be included in all project MRV processes
SS13 Term of a PC & SS14 Replacing a PC	<ul style="list-style-type: none">• The length of the term of PC must be defined• Must identify whether the position of PC can be renewed and, if so, for how many terms• To address potential disputes associated with the PC and/or Forest Project, a dispute resolution process and process to replace the PC from the position must be documented

- Comments?



SUMMARY AND NEXT STEPS

Timeline of protocol development



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: **May 4th?**
 - Set meeting for sub-committee on land tenure/clarification of carbon ownership
- ***For Workgroup:***
 - Email feedback on today's discussion by **April 26th**
 - Look out for invitation for next meeting: **May 4th**



QUESTIONS OR COMMENTS?

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