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Facilitative, Multilateral Consideration of Progress

A compilation of questions to – and answers by – **Panama**

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Question by European Union at Sunday, 20 April 2025

Category: Progress towards the achievement of its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Policies and measures for energy transition

Could Panama elaborate on the policies and measures implemented to ensure their renewable energy transition and what the expected impact of those policies and measures are?

Answer by Panama

Panama has developed a series of strategies that are interlinked, as part of an Energy Transition Agenda [https://www.energia.gob.pa/wp-content/uploads/2023/11/Strategic-Guidelines-ETA-compressed-16.07.2021-p%C3%A1ginas-1.pdf]. Among these strategies are the following:

- Electromobility (electrifying the transport sector) [https://www.energia.gob.pa/wp-content/uploads/2024/07/GacetaNo_28891c_Resoluci%C3%B3n-103-de-28-de-octubre-de-2019.pdf]
- Distributed Energy (focus on solar PV) [https://www.energia.gob.pa/wp-content/uploads/2024/12/GacetaNo_29451b_20220107-erratoENGED_compressed.pdf]
- Interconnected System Innovation (focus on the grid improvements and Utility scale renewables) [https://www.gacetaoficial.gob.pa/pdfTemp/29687_B/ae/9443.pdf]
- Green Hydrogen (focus on H2 from renewables) [https://www.gacetaoficial.gob.pa/pdfTemp/29771_B/98196.pdf]

Each strategy has a set of indicators and a committee to oversee its implementation and report progress has been created, also an Energy Transition Committee to oversee the progress of each individual committee.

Additionally, the country has implemented incentives for renewable energies throughout the following laws:

- Law 45 of 2004 (Incentives for Hydro and other renewables) [http://gacetas.procuraduria-admon.gob.pa/25112_36882.pdf]
- Law 44 of 2011 (Incentives for wind energy) [http://gacetas.procuraduria-admon.gob.pa/26771_44789.pdf]
- Law 37 of 2013 (incentives for solar energy) [http://gacetas.procuraduria-admon.gob.pa/27308_46983.pdf] and its modification [http://www.energia.gob.pa/wp-content/uploads/2024/07/Ley-38-de-9-de-agosto-de-2016_Modifica-Ley-37-de-2013-1.pdf https://www.gacetaoficial.gob.pa/pdfTemp/29938_A/102152.pdf]

- Law 295 of 2022 [https://www.gacetaoficial.gob.pa/pdfTemp/29523_A/GacetaNo_29523a_20220425.pdf] (electromobility law)

The rationale is: Provide incentives for renewable energy (focused on power generation), improve the grid (the country developed a Smart Grid Investment Roadmap), and then electrify consumption (focused on transport as the main emitter), and also promote energy efficiency (with a policy, labeling, and other incentives).

The impacts expected are detailed in the document “The Energy Transition as a key driver of the COVID-19 economic recovery in Panama” [https://www.energia.gob.pa/wp-content/uploads/2021/04/The-Energy-transition-as-a-key-driver-of-the-COVID-19-economic-recovery-in-Panama.pdf].

Question by European Union at Sunday, 20 April 2025

Category: Assumptions, conditions and methodologies related to the attainment of its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Energy sector projected emissions

In its first Biennial Transparency Report Panama informed of its intention to achieve a reduction in total emissions from the country's energy sector by at least 24% by 2050 and at least 11.5% by 2030. Panama reported several scenarios for projecting its emissions in the energy sector.

Could Panama elaborate more on the assumptions and parameters of the retained scenario for the projected emissions in the energy sector and on the model used?

Answer by Panama

The scenarios presented in the BTR were developed in 2024 as an attempt to have GHG scenarios for all IPCC sectors. For the NDC target of the energy sector, presented in 2020, the scenarios were developed by the National Energy Secretariat, with support of Euroclima and UNEP using the Green Economy Model (GEM).

For the BAU scenario the tendencies were used and estimation of the impact of existing policies; it assumes that:

- No additional investment in renewable energy and energy efficiency beyond those already implemented.
- Electromobility reaches the goals of the Electromobility strategy (10% of Light duty vehicles and motorcycles are EV and 15% of buses are EV in 2030).
- Energy consumption and GDP follow historical trends but include the COVID effect.

- Energy demand is in accordance with the provisions of PSIN 19-33 in the reference case. Additional demand from electric mobility is considered [https://www.etesa.com.pa/documentos/Tomo_I__Estudios_Bsicos_2019_2033.pdf] This document includes in page 110 the electricity consumption projection in 3 scenarios (moderate was used for the BAU) page 114 show the projection of consumption and demand of electricity.
- The annual GDP growth projection was 4.99%
- Distributed generation continues with the same growth as in 2019. Page 24 of the Distributed generation strategy show this trend [https://www.energia.gob.pa/wp-content/uploads/2024/12/GacetaNo_29451b_20220107-erratаENGED_compressed.pdf] as well as the page 62 of the document of distributed solar generation business opportunity [https://www.energia.gob.pa/wp-content/uploads/2024/12/GacetaNo_29451b_20220107-erratаENGED_compressed.pdf].
- Energy subsidies for users and fuels remain in effect.
- Solar thermal development follows the conservative scenario in the PNTP (National Solar Thermal Plan) [https://www.gacetaoficial.gob.pa/pdfTemp/29357_A/86822.pdf].
- The penetration of efficient equipment is in accordance with the BAU scenario of the "EE Master Plan." - Sadly, the document is not public, but the Energy Efficiency Strategy show the EE potential (10.7% 2030) form the master plan in page 30 [https://www.gacetaoficial.gob.pa/pdfTemp/29549_B/91962.pdf].
- Massive Public transportation [Metro] is evolving according to the goals defined in the PIMUS, MIBUS, and METRO plans [https://www.elmetrodepanama.com/pimus-fase-1/].
- By 2030 92.5% of cooking is done with LPG 7.5% with electricity, by 2050 90% of cooking is done with LPG 10% with electricity.

For the targets or scenarios with reductions, the assumptions were the following:

- Post-COVID-19 recovery package focused on conventional infrastructure and partially on renewables and energy efficiency (39% of total investment) is implemented.
- The annual GDP growth projection was 5.19%
- Electromobility reaches the goals of the Electromobility strategy (25% of Light duty vehicles and motorcycles are EV and 20% of buses are EV in 2030).
- Thermal power plants that use LNG would represent the only combustion technology available. Other thermal power plants (bunker, diesel, coal) would be decommissioned by 2050.
- Energy demand is adjusted to the provisions of PSIN 19-33 in the reference case. Additional demand from electric mobility is considered. Savings from solar thermal and distributed generation are also considered.
- Distributed electricity generation is twice as high as in BAU.

- Energy subsidies for users are eliminated after 2025. However, energy subsidies for thermal power plants remain in effect.
- The penetration of efficient equipment fits into an average scenario between moderate and optimistic in the "EE Master Plan."
- By 2030 80% of cooking is done with LPG 20% with electricity, by 2050 50% of cooking is done with LPG 50% with electricity.

Question by Netherlands at Friday, 18 April 2025

Category: Progress towards the achievement of its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Indicators to track progress

Panama has reported on multiple indicators to track progress towards their NDC. Could Panama explain why these indicators where selected? And do you experience any challenges or can you share lessons learned in collecting data and reporting on these indicators?

Answer by Panama

Each target of the NDC has one or two indicators. The reason is that some of the targets are composed of multiple years, measure or progressive targets. For example, target 10.5 says that “By 2022, Panama will have developed its long-term National Climate Change Plan for the Circular Economy, and by 2025, its implementation will be 10% complete”. Therefore, there is one indicator for the 2022 target (Circular Economy Plan developed) and another for the 2025 target (10% of implementation completed).

In general, the country tried to use indicators that are both simple and flexible, so the indicator methodology can be applied to almost all the targets (that are not quantifiable). This simplified the tracking and the monitoring for the country.

The main challenge was the way in which the NDC targets were formulated and identify how to create an indicator that applies and makes it possible to quantify progress in targets that are about developing a document, guide or a plan for a sector.

As lesson learned, we try to make it simple to measure progress by selecting 6 progress stages and then collecting data that show evidence that each stage was completed; even though the description seems complicated, it is very simple and allow us to apply the same indicator for most of our targets.

For quantifiable targets (like the reforestation of X number of hectares, or the reduction of x% of emissions, the indicator was basically to follow that measure that already says what are the parameter to follow and the data to gather).

Question by Republic of Korea at Friday, 18 April 2025

Category: Progress towards the achievement of its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Availability of English version of the BTR

During FMCP preparations, some Parties might have experienced challenges reviewing Panama's BTR due to its availability in Spanish only. Is Panama considering making an English version of the BTR available to support broader accessibility and international peer learning?

Answer by Panama

As Spanish is one of the six official languages of the United Nations Framework Convention on Climate Change (UNFCCC), Panama prepared and submitted its BTR in Spanish, fulfilling the established reporting requirements. Given the extensive nature of the report — including the National Inventory Document (NID) — and the significant technical, financial, and human effort involved, we prioritized ensuring a comprehensive and high-quality submission in our national language.

To support broader understanding, we also prepared an executive summary of the BTR in English. This follows the approach established under decision 17/CP.8 for national communications, which requires an executive summary in English, and which we have progressively applied to other reports submitted to the Convention as a good practice. The summary provides an overview of the work carried out by Panama and facilitates access to key information for a wider audience.

We truly value the importance of making information accessible to the broader international community. Should additional support become available, Panama would be pleased to explore the possibility of preparing an English version, and we would warmly welcome any collaboration with the UNFCCC Secretariat or other partners to help facilitate this.

Question by United Kingdom of Great Britain and Northern Ireland at Thursday, 17 April 2025

Category: All emissions and removals related to its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Question to Panama on their National Carbon Market

Thank you, Panama, for the opportunity to comment on your 1st Biennial Transparency Report. In your report, you mention that you have developed a National Carbon Market for Panama to offer organisations a chance to compensate for those emissions they are unable to reduce internally. You

mentioned that you are conducting an evaluation of your current methodologies, can you please share any successes and challenges in doing so?

Answer by Panama

Thank you very much for your question. At this stage, Panama is still in the process of developing the regulatory framework necessary to operationalize its National Carbon Market. As such, we are not yet in a position to highlight specific success stories. However, this preparatory work has allowed us to identify key challenges that need to be addressed to ensure the market's effectiveness.

One major challenge we have encountered is the legal definition of carbon ownership, particularly regarding land tenure, forest rights, and the rights of indigenous peoples whose territories overlap with areas of high forest cover. Clarifying carbon ownership is essential for providing legal certainty to project developers, credit buyers, and other stakeholders.

Additionally, we are working on finalizing other critical elements such as the development of national standards for the generation of carbon credits, the establishment of a national registry aligned with international standards under Article 6 of the Paris Agreement, and the implementation of governance structures for the market's operation.

While the process is still ongoing, these efforts are building a strong foundation for the future success of the National Carbon Market and for enhancing Panama’s contribution to global mitigation efforts.

Question by New Zealand at Thursday, 17 April 2025

Category: Assumptions, conditions and methodologies related to the attainment of its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Panama’s QA/QC process

New Zealand congratulates Panama on the early submission of its first BTR. New Zealand understands that strengthening Panama’s QA/QC process is a prioritised capacity building need. Could Panama provide any details on any progress to date or barriers to addressing this need?

Answer by Panama

One of the main barriers is that scenarios to evaluate trends and potential alternatives of GHG reduction actions is not common in many sectors, and those that have them, do it with different models and not necessarily contemplating the details required by the MPGs, and also different sector may have different assumptions regarding socio-economic variables (which affects accuracy and comparability). Then the Ministry of Environment gathers the information, but it is not always available, as the scenarios are developed by third-party consultant firms, that sometimes do not provide too much detail (which affects the transparency). Additionally, scenarios for sectors like

IPPU or AFOLU are not common, which means projection of HFC, and other gases are not necessarily contemplated (which affects completeness).

Since the submission of the BTR, the country requested help from the NDC Partnership, and got it through the firm Climate Analytics, to develop an impact modeling analysis of the enhanced NDC and other potential measures on emission trends. This assistance is expected to start in may/june 2025.

Throughout it the country will looks to enhance and increase its capacities to understand the emissions reduction potential of both existing and additional mitigation measures, along with their associated costs and benefits. This technical support will conduct a cost-benefit analysis to help prioritize mitigation actions, b) leverage modelling analysis to assess the impact of Panama's enhanced NDC and other potential measures on the country's emissions trends and inform the integration of both existing and additional mitigation strategies into Panama's NDC. Additionally, the request seeks support to strengthen institutional capacity for modelling and analysis through capacity building modules and workshops.

The capacity building is expected to help the country not just understand how the model works and ensure it is appropriate to the national context to select it and use it continuously (improving consistency and comparability of scenarios over time), but also the level of detailed information that it requires, and thus help to assess the information available, and the information that must be estimated or referenced to sources of other countries that are relevant/similar (thus improving the quality). Then start a process of improving the data collection by engaging with entities that may have the data, key stakeholders of each sector and experts that can help to get supplementary data and evaluate appropriateness of the assumptions, as well as to evaluate and interpretate results of the modeling exercise (which will help accuracy and completeness). Creating a process and institutionalizing it will allow the country to have all the information of the scenarios and report them in the BTRs (improving transparency). Along the process, the country wants to set a documentation process that describes the process and serves as a guide or manual on how to develop the scenarios, which would be improving over time (which allows continuous improvement).

Question by Japan at Wednesday, 16 April 2025

Category: Progress towards the achievement of its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Tracking the progress of the qualitative objectives of the NDC

It is interesting to note that Panama has established its own evaluation indicators for tracking the progress of the qualitative objectives of the NDC (p.72-73 of BTR1). Could Panama share the advantages and challenges of using this indicator to evaluate the progress of the goals?

Answer by Panama

Thank you. The reason to establish the indicators was to address the challenge of having many NDC targets that are qualitative, and where difficult to assess progress (for instance, a target of developing a climate change plan for X sector makes it simple to know whether it was developed or not, but if it has not been completed, how to assess how much progress has been made?). We try to use a single indicator, which methodology can be applied to as many targets as possible, to simplify the tracking of progress, and to assess what stage this progress is in, and what is missing to complete/meet the target.

As we developed the Module to track NDC progress in our Climate Transparency Platform, we tried to systematize the tracking by identifying 6 stages of progress that are general and applicable to a broad variety of targets (recognizing that future updates of the NDC may bring new qualitative targets), these stages allow the Ministry of Environment to request information on progress and to transform these into a numerical value that shows the progress.

The stages are very simple:

1. Planning
2. Securing Finance
3. Develop institutional arrangements for implementation
4. Carry on with activities
5. Validate results
6. Publish results

It treats every target as a project and keep tracks of the main stages of progress.

Question by Japan at Wednesday, 16 April 2025

Category: Progress towards the achievement of its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Specific measures for improving energy consumption efficiency and promoting electric mobile

Under target 1.2 in the energy sector, Panama is supposed to reduce emissions from the energy sector by at least 11.5% by 2030 and 24% by 2050, respectively, compared to BAU. This reduction is expected to be achieved based on the Energy Transition Agenda introduced on p.45 of the BTR1. What specific measures will be taken to achieve the improvement of energy efficiency and widespread use of electric mobility outlined in this agenda?

Answer by Panama

The Electromobility Strategy
[https://www.energia.gob.pa/wp-content/uploads/2024/07/GacetaNo_28891c_Resoluci%C3%B3n-1

03-de-28-de-octubre-de-2019.pdf] details a series of actions to be developed in order to achieve the targets of penetration of EV. Among these are:

- Improve the legal and regulatory framework for electromobility (the country then develops a Law to provide some incentives to electromobility, and a ruling to implement this new Law).
- Establish inter-institutional arrangements for the governance of the transportation sector (The country created a committee with the main actors for the transport sector both public and private. It is important to note that the country does not have a Ministry of Transport, just an authority that is in reality more focused on traffic control and security on the roads).
- Provide incentives to EV.
- Set an emission limit on ICE vehicles and fuel efficiency labeling.
- Set standards for charging infrastructure and security topics.
- Promote the development of charging infrastructure and mechanisms to charge for charging services.
- Set standards for buildings to incorporate EV charging spaces.
- Improvements in the grid to support future demand.
- Work with the banks and insurance companies to promote products for EV.
- Procure finances for fleet replacement projects.
- Set standards and promote the development of reuse and recycle of EV batteries and to ensure proper disposal of both ICE and Electric vehicles.

There is also an Energy Efficiency Strategy [https://www.gacetaoficial.gob.pa/pdfTemp/29549_B/91962.pdf] that establish the measures to be taken, among which are the following:

- Update the Energy Efficiency legal framework (The EE Law is from 2012).
- Improve Institutional arrangements and involve private and other key sectors (A committee was created in 2022.
- Strengthen the National Secretary of Energy to implement EE policies (currently their role is only policy making).
- Implement the Sustainable Building Ruling that dates from 2019.
- Accelerate the implementation of the EE labeling (the labels mandated in the country are from 2018, for AC, refrigerators and motors), Also it is important to update the current labels to include the information of refrigerants.
- Implement an appliance replacement program to accelerate the penetration of efficient appliances and the proper disposal of old appliances.
- Strengthen the program of energy efficiency administrators.
- Create incentives for energy efficiency and support the development of ESCOs.

- Implement a Fund for Energy Efficiency Projects.
- Develop and implement a Strategy of Education to disseminate and promote energy efficiency.
- Promote research and development activities related to energy efficiency.
- Update energy efficiency targets and design MRV systems for them.
- Create rules for the procurement of appliances and equipment in the public sector.

Question by Canada at Tuesday, 15 April 2025

Category: All emissions and removals related to its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Institutional arrangements for data collection under the GHG Inventory

Could you describe the institutional arrangements in place to access or collect national energy activity data and any challenges or planned improvements in relation these arrangements?

Answer by Panama

In Panama, the institutional arrangements for accessing and collecting national energy activity data for the National Greenhouse Gas Inventory (INGEI) are supported by the following legal framework:

Key institutions involved include:

- The National Institute of Statistics and Census (INEC), responsible for integrating national statistical activities, including those related to energy, under Law 10 of 2009.
- The National Secretariat of Energy (SNE), mandated by Law 43 of 2011 to organize, maintain, collect, and disseminate national energy information through the SiePanamá Energy Information System, which consolidates energy statistics dating back to 1970.
- The National Customs Authority (ANA) and the INEC, which maintain import records for petroleum products that feed into activity data for the energy sector.
- The Panama Maritime Authority (AMP), responsible for recording fuel sales at national ports, relevant for activity data associated with bunkering and international navigation.

For the preparation of the INGEI, a major portion of the national energy activity data is sourced from the National Energy Balance (BNE), published annually by the SNE. This document consolidates energy supply and demand data across all sectors and fuels and serves as a critical input for estimating emissions in the energy sector. Consequently, efforts to strengthen energy data systems more broadly —such as improving data quality, coverage, and timeliness— are directly linked to enhancing the robustness and accuracy of the greenhouse gas inventory.

The overall process is framed under Executive Decree No. 100 of October 20, 2020, which establishes the creation of Sectoral Technical Teams (ETIS), including the ETIS for Energy, coordinated by the Ministry of Environment (MiAMBIENTE) and the SNE. The ETIS are composed of designated technical focal points from the responsible institutions, ensuring sector-specific expertise and inter-institutional collaboration for data access and validation.

While institutional mandates are well-defined, challenges remain in further formalizing data-sharing protocols, standardizing formats, and improving the timeliness of data provision for the inventory process.

Recognizing the importance of strengthening collaboration and efficiency, Panama participated in a UNFCCC-led quality assurance exercise on energy data management. Based on the lessons learned, several planned improvements have been identified:

- Designing and implementing a National Energy Statistics System that directly supports GHG inventory needs, building upon existing platforms like SiePanama.
- Establishing and documenting inter-institutional roles and data flows.
- Developing formal agreements for regular and efficient data exchange.
- Implementing capacity-building programs for personnel engaged in energy data compilation and uncertainty estimation.

These efforts, jointly led by the Ministry of Environment, the SNE, and INEC, are expected to further enhance the robustness, transparency, and sustainability of Panama's GHG inventory system, while simultaneously strengthening national reporting commitments under the Paris Agreement.

Question by Canada at Tuesday, 15 April 2025

Category: All emissions and removals related to its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Flexibility mechanisms under the GHG Inventory

Could you please indicate if flexibility mechanisms were used for the GHG Inventory component, and if so, for which specific areas? What steps are being taken to overcome these challenges for future reporting?

Answer by Panama

Regarding the use of flexibility mechanisms for the GHG Inventory component, we inform you that Panama made use of flexibility in two specific areas, as allowed under the Modalities, Procedures and Guidelines (MPGs) for the Enhanced Transparency Framework:

- **Latest Inventory Year (Paragraph 92 of the MPGs)**

Panama reported 2021 as the latest inventory year instead of the standard two years prior to the submission, citing limitations in technical capacity and the availability of updated information. This is explicitly stated in the BTR:

"Panamá, acogiéndose a la flexibilidad establecida en el párrafo 92 de las MPG, reporta como último año de inventario disponible el año 2021, que corresponde a tres años anteriores al año de presentación del primer IBT, debido a limitaciones de capacidad técnica y disponibilidad de información actualizada."

- **Time Series Coverage (Paragraph 57 of the MPGs)**

Panama also applied flexibility regarding the completeness of the time series. The inventory covers the years 2000–2021 instead of starting from 1990, as permitted under paragraph 57 for developing countries with capacity constraints. As described in the BTR:

"El país se acoge a la flexibilidad debido a la falta de recursos y de información disponible para el periodo 1990 a 1999. Se priorizan las actividades que mejoren los factores de emisión y datos de actividad para el periodo 2000 en adelante en las categorías principales."

The technical expert review team (TERT) acknowledged Panama's application of flexibility in its review reports, and no inconsistencies were identified regarding this application.

Steps to Address Challenges:

Panama is implementing several measures to progressively overcome these constraints, including:

- Strengthening technical capacity for inventory preparation through training and international cooperation.
- Establishing improved data-sharing agreements with national institutions to ensure faster access to updated information.
- Prioritizing the development of country-specific emission factors and improving historical activity data.
- Enhancing QA/QC procedures to ensure better accuracy and completeness of future submissions.

These actions are expected to allow Panama to progressively align with the standard reporting expectations in subsequent reporting cycles.

Question by Canada at Tuesday, 15 April 2025

Category: All emissions and removals related to its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Quality management system of GHG Inventory

Could you please share some examples of good practices used to ensure that QA/QC checks are done thoroughly for all sectors as well as for cross-cutting areas of the GHG inventory?

Answer by Panama

As part of our Sustainable System for National Greenhouse Gas Inventories (SSINGEI), Panama has implemented a robust archiving and management system that strengthens QA/QC processes across all sectors and cross-cutting areas.

This system includes a standardized template designed to support the identification, management, and reporting of capacity-building needs for Panama's GHG inventory. It also organizes quality assurance (QA), quality control (QC), and verification activities, along with sector-specific improvement plans. Each sector uses its own template, complemented by a general template that compiles both sectoral and cross-sectoral information.

For example, the sectoral templates compile in a single table:

- The ID of issues identified during peer reviews,
- The classification of each issue by category,
- The type of issue (e.g., related to completeness, transparency, consistency, etc.),
- The recommendations provided,
- The status of each recommendation,
- The assigned priority, and
- Comments or corrective actions taken.

Additionally, each template contains:

- A QC checklist aligned with the 2006 IPCC Guidelines' QA/QC activities and procedures, which tracks whether each activity was conducted during different phases of the inventory cycle;
- A verification checklist that must be completed by the inventory sector lead to ensure compliance in the sectoral inventory report;
- A sectoral improvement plan summarizing actions based on peer review findings, expert review recommendations, and QA/QC checks.

The use of this systematic and standardized template has significantly streamlined the tracking and implementation of QA/QC procedures, ensuring a more consistent and transparent inventory preparation process.

Question by Canada at Tuesday, 15 April 2025

Category: Progress towards the achievement of its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Sustainable finance taxonomy

- EN: Panama was one of the first countries in Latin America to launch its sustainable finance taxonomy, in 2024. Could you tell us about how you successfully developed this instrument and your expectations for its contribution to the energy transition of the country?

- ES: Panamá fue uno de los primeros países de América Latina en lanzar su taxonomía de finanzas sostenibles, en 2024. ¿Podrían hablarnos de cómo han desarrollado con éxito este instrumento y de sus expectativas sobre su contribución a la transición energética del país?

Answer by Panama

The development of the Sustainable Taxonomy was developed in a process that was open, actively involving the financial sector and supported by the expertise of international consultants (In total more than 350 representatives from 90 public sector entities, stakeholders from the productive and financial sectors, academia, civil society, and international organizations participated). The process allowed us to identify the best way to introduce the taxonomy. The first step was the creation of a solid and legitimate governance structure that would allow for transparency and continuity in all initiatives derived from the development of the Taxonomy.

The Technical Groups of Experts (12 in total) played a key role in the development of Panama's Sustainable Finance Taxonomy, as they identified and prioritized economic activities, grouped under each of the prioritized economic sectors, relevant to Panama's economic context and established the eligibility criteria under which each of the economic activities could be considered environmentally sustainable.

The taxonomy establishes a framework that helps stakeholders in the economy and the financial sector identify economic activities and investments that contribute to meeting the country's environmental and social objectives.

The country expects that throughout this taxonomy, private investments will align with the activities that reduce emissions and all sectors, but in particular within the energy sector in which the investments in power generation are 100% from the private sector. The taxonomy has the potential to also promote ESCOs as the finance institutions will require expertise to assess and track sustainable projects and developer will require services to assure their projects meet the requirement of the taxonomy. Different mechanisms are being evaluated to facilitate access to financial resources, and we consider that the private banking and other financial institutions can help the country to mobilize financial resources with better capacities for monitoring (enhancing transparency) and those institutions are able to reach a broader range of sectors/actors, thus scaling up the deployment of renewable and efficient technologies.

Question by Canada at Tuesday, 15 April 2025

Category: Progress towards the achievement of its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Indigenous perspectives

- EN: How are indigenous perspectives taken into account in setting climate targets and developing climate plans and policies, for example the National Climate Change Plan for the energy sector, in terms of both mitigation and adaptation?

- ES: ¿Cómo se tienen en cuenta las perspectivas indígenas en el establecimiento de los objetivos climáticos, la elaboración de los planes y políticas climáticas, por ejemplo el Plan Nacional de Cambio Climático para el sector energía, tanto en lo que respecta a la mitigación como a la adaptación?

Answer by Panama

In Panama, the perspectives of Indigenous Peoples are increasingly being incorporated into the formulation of climate goals and the development of plans and sectoral policies, such as the National Climate Change Plan for the energy sector. This approach is grounded in **Law 37 of 2016**, which guarantees the right to **Free, Prior and Informed Consent** for any legislative or administrative measures that may affect the collective rights of Indigenous Peoples. The consultation process must be culturally appropriate, free of coercion, and respectful of the organizational structures of each Indigenous group.

In terms of **mitigation,** a key initiative is the **Empowerment and Training Program for Women Solar Installers**, led by Barefoot College International in collaboration with Panama's National Secretariat of Energy (SNE) and the Inter-American Development Bank. This program trains semi-literate Indigenous women in the installation, maintenance, and repair of household solar systems, while also strengthening their capacities in areas such as health, finance, entrepreneurship, and community management. It promotes access to clean energy, reduces emissions, and fosters economic empowerment in rural Indigenous communities.

Indigenous participation has also been central in the development of Panama's **National REDD+ Strategy,** which was built through a broad national and regional consultation process. This process engaged Indigenous Peoples, Afro-descendant communities, smallholder farmers, the public and private sectors, NGOs, and academia. Their contributions were essential to identifying the current state of Panama's forests, as well as challenges and actions to address deforestation and forest degradation.

In terms of **adaptation**, Panama has implemented the **Capacity Building Initiative for Climate Risk Reduction and Resilience in the Indigenous Settlement of Kusapín**. This model project focuses on developing tools and processes to manage adaptation measures based on local vulnerabilities. Its aim is to strengthen community resilience and enable the replication of successful approaches in other areas of the country.

These efforts reflect Panama's commitment to a participatory and inclusive approach that recognizes Indigenous Peoples not only as vulnerable populations, but also as key partners in climate

action both in mitigation and adaptation while respecting and strengthening their rights, knowledge, and capacities.

Question by Canada at Tuesday, 15 April 2025

Category: Progress towards the achievement of its quantified economy-wide emission reduction target

Type: Before 20 April

Title: Absorption of GHGs by forests

- EN: The absorption of GHGs by forests is identified as one of the key elements for maintaining Panama's carbon-negative status. What are the biggest challenges you are facing in this regard and what are the most effective strategies implemented or being developed to maintain the absorption capacity of forests? How is the restoration of forests being carried out to reach the target of 50,000 hectares at the national level and what monitoring mechanisms are being used to measure progress?

- ES: Las absorciones de GEI de los bosques se identifican como uno de los elementos clave para mantener la condición de carbono negatividad de Panamá. ¿Cuáles son los mayores desafíos en este sentido y cuáles son las estrategias más eficaces que se han aplicado o se están desarrollando para mantener la capacidad de absorción de los bosques? ¿Cómo se está llevando a cabo la restauración de los bosques para alcanzar el objetivo de 50 000 y qué mecanismos de monitoreo se están utilizando para medir el progreso?

Answer by Panama

To maintain the forest absorption capacity and contribute to Panama’s carbon-negative status, the following actions are being implemented:

1. Strengthening the technical and operational capacities of the Ministry of Environment’s regional offices, especially in areas with high deforestation and illegal logging pressure.

2. Reactivating the National Forest Management Committee as a consultation and coordination body between the government and the private sector, with the aim of reaching consensus on the new forestry law and the National Forest Development Plan.

3. Reactivating the National Commission for the Prevention, Control, and Management of Forest Fires as a coordination body for integrated fire management.

4. Issuing a regulation that establishes a temporary suspension—of no more than five (5) years—on the granting of forest use permits in State Forest Heritage areas, to allow time for drafting a new forestry law and updating the law on fiscal incentives.

5. Strengthening the forest traceability and control system and expanding it to additional links of the production chain.

6. Adopting the FSC forest management standard as a requirement for those seeking forest use permits through management plans in State Forest Heritage areas.

7. In coordination with the Ministry of Agricultural Development and the Ministry of Commerce and Industry, working on a regulation to establish a zero deforestation and forest degradation certification system applicable to key national supply chains.

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