Panama
GHG emissions’ context in Panama

Energy and LULUCF sectors are by far the largest contributors to greenhouse gas (GHG) emission, accounting together for 72% of the total GHG emissions in 2013.

Most GHG emissions in the Energy sector come from:
- Transport → 59%
- Electricity/heat → 19%
- Manufacturing/construction → 20%

LULUCF emissions have been driven mainly by the severe deforestation suffered since 1903 due to:
- Livestock Activities
- Agricultural Activities

Panama has committed in its NDC to specific targets in the energy and LULUCF sectors:

Energy:
- Transport → Development of energy-efficient public transport
- Electricity → 30% of Non Conventional Renewables by 2050
  → Energy efficiency to redress current consumption patterns
  → Natural gas as transition fuel

LULUCF
- International Centre for the Implementation of REDD (ICIREDD).
- Alliance for One Million Hectares, to increase carbon storage in our forests
- Promotion of a culture of sustainable forest management

Additionally, the NDC includes:
- Intention to consider designing a domestic carbon offset market.
- Intention to consider the implementation of carbon pricing instruments, with an initial focus on a carbon tax.
- Voluntary measures in international maritime & air sectors.
Panama’s International CC Commitment

Panama has always embraced international initiatives to move forward the Climate Agenda

Historically, the country has been very active at the international level regarding the climate change agenda:

(a) Ratified the Kyoto Protocol through Law 88 of 30 November 1998.
(b) Ratified the Doha Amendment through Law 38 of 3 June 2015.
(c) Ratified the Paris Agreement through Law 40 of 12 September 2016.

Panama has pledged $1 million to the Green Climate Fund (GCF), to support projects around the world.
Panama’s National CC Commitment
The road map to implement NDC commitments and mitigation actions is distilled in national policies & strategic plans:

The Government’s Strategic Plan 2015-2019
- Provides a stronger support to mainstream climate change in sectoral planning to drive growth and inclusion.

Panama’s National Climate Change Strategy
- Aims to increase adaptation capacity of key economic sectors and most vulnerable populations, reduce GHG emissions, and promote the transition towards a low emission and sustainable development model.

National Energy Plan 2015-2050
- Strategy to curb GHG emissions in the Energy sector in the short and medium term, based on two main pillars:
  (a) Incentivize the progressive participation of renewable energy in the energy matrix
  (b) Promote a more efficient energy consumption, reducing pressure on the power supply: Green Building Code and S&L Appliances
- Highlights the need to perform an overall analysis of different carbon pricing instruments and proposes the introduction of a carbon tax.
- Promotes public participation to integrate social and environmental aspects and to build a common sustainable development.
- Policies and regulations are key to send positive signals to investors, especially in a market-prone regulatory framework as Panama.

National Strategy for Reducing Emissions from Deforestation and Forest Degradation (REDD)
- Roadmap to increase carbon storage through reforestation and restoration of protected areas that do not have forest cover.
- Implement the REDD+ Awareness Strategy.
- Alliance for One Million Reforested Hectares project to reforest one million hectares in a 20-year period.
Panama’s NDC and national policies highlight the intention to consider designing a domestic carbon market and implementing carbon pricing instruments, such as a carbon tax. Panama has shown legitimate interest in developing carbon markets...

- The former National Environment Authority organized a forum with different stakeholders to discuss the needs and requirements to establish a domestic carbon market, and understand the implications from an economic, legal, and institutional perspective.

2014


Hosting of the Latam-Caribbean Carbon Forum (LACCF) 2016 “Advancing Paris: From Targets to Actions” 28-30 September, Panama City. Vice President St. Malo announced that the country is preparing a carbon market and plans to become a carbon hub for the region.

Participation in the PMR event in Costa Rica, “Paving the way for NDC Implementation: Analyzing Policy Option and Modeling”, 6-8 December.

A preliminary analysis was conducted to understand the impacts related to the introduction of a carbon tax, to understand the price/income elasticity of fuel demand in the country.

- Global Fuel Economy Initiative (GFEI) Project to determine baseline emission of imported vehicles to design efficiency standards for vehicles.

2016

- Panama organized an interinstitutional roundtable, “Mesa de Diálogo sobre políticas e instrumentos económicos y financieros de mitigación de emisiones de gases de efecto invernadero (GEI)”, to trigger the interinstitutional discussion an coordination on the potential implementation of carbon pricing instruments, with technical support from the WBG and the participation of the PMR WB team.

- Panama has joined the “Collaborative instruments for Ambitious Climate Action” initiative of the UNFCCC Regional Collaboration Center (RCC), through which we are carrying out deeper studies in order to prepare a carbon market, and has signed an Under2MoU with the government of California.

- Currently, a draft amendment to the Electrical Sector Law (Law 6 of 1997) seeks to include carbon pricing in public energy tenders.

2017
Critical Readiness Gaps

...but the country faces many challenges and PMR may be instrumental to achieve the national climate-related targets.

- **Robust analytical work for decision-making process**
  Support a better understanding of carbon pricing instruments available, provide solid cost-benefit and impact analysis, and policy assessment to properly design the instrument(s), and ensure a successful implementation.

- **MRV system and GHG inventory**
  Support the design of an appropriate MRV and improved GHG inventory systems, to inform decision-makers on emissions trends, assess whether the instruments implemented are proving effective, and monitor progress in reducing emissions, including health-related problems from local pollution (NOx, SOx, O3 and PM), with special focus on the transport sector.

- **Institutional arrangements, strategic articulation and implementation plan**
  Strengthening governance and interinstitutional coordination to ensure an adequate coordination among the different stakeholders during the implementation phase. Provide an implementation plan including milestones, processes, timeframes, role assignment, and resources, to guide a successful implementation of the instrument(s).

- **Capacity building, dissemination and awareness raising**
  Build capacity at all Government levels to ensure a successful deployment of measures and initiatives. Implement adequate campaigns to raise institutional/civil society awareness to smoothen the introduction of instruments, and mitigate potential reluctance from stakeholders and population. Develop educational and awareness programs to strengthen support, and promote an adequate understanding of the measures to be implemented.

- **Aviation and Maritime sector**
  Panama’s GHG emissions are modest, but have a key role in global maritime transport and regional aviation. The country needs to build capacity around these sectors to provide an adequate response to climate-related challenges.
Thank You