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International Bank for Reconstruction and Development
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**MANAGEMENT REPORT AND RECOMMENDATION
IN RESPONSE TO THE
INSPECTION PANEL INVESTIGATION REPORT**

PANAMA

LAND ADMINISTRATION PROJECT (Loan No. 7045-PAN)

OCTOBER 28, 2010

**MANAGEMENT REPORT AND RECOMMENDATION
IN RESPONSE TO THE INSPECTION PANEL INVESTIGATION REPORT
OF THE
PANAMA
LAND ADMINISTRATION PROJECT
(Loan No. 7045-PAN)**

Pursuant to paragraph 23 of the Resolution Establishing the Inspection Panel (IBRD Resolution 93-10 and IDA Resolution 93-6), attached for consideration by Executive Directors is Management's Report and Recommendation in response to the findings set out in the Investigation Report No. 56565-PA dated September 16, 2010, of the Inspection Panel on the captioned Project (Panama Land Administration Project, Loan No. 7045-PAN).

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**PANAMA
LAND ADMINISTRATION PROJECT
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ABBREVIATIONS AND ACRONYMS

ANATI	Autoridad Nacional de Administración de Tierras (National Authority of Land Administration)
BP	Bank Policy
CPS	Country Partnership Strategy
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion and Results Report
IDB	Inter-American Development Bank
IPDP	Indigenous Peoples Development Plan
IPN	Inspection Panel
OD	Operational Directive
OP	Operational Policy
PAD	Project Appraisal Document
PDO	Project Development Objective
PRONAT	Programa Nacional de Administración de Tierras (Panama Land Administration Program)
SA	Social Assessment
SIICAR	Sistema Integrado de Catastro y Registro (Integrated Cadastre and Registry System)
SINAP	Sistema Nacional de Areas Protegidas (National System of Protected Areas)
US\$	United States Dollar

EXECUTIVE SUMMARY

Background

1. On March 11 and March 20, 2009, the Inspection Panel registered two Requests for Inspection regarding the Panama Land Administration Project financed by the International Bank for Reconstruction and Development (IBRD). The First Request was submitted by members of the Naso indigenous group and the second by representatives of some Ngöbe-Bugle, another indigenous group living in the “Annex Areas” to the Comarca¹ Ngöbe-Buglé in Bocas del Toro Province. Both Requests for Inspection are related to the consolidation of Indigenous Peoples’ territories and involve OD 4.20 (Indigenous Peoples) and 13.05 (Project Supervision) as the relevant Bank policies. Management responded to the claims in both Requests and presented an Action Plan in April 2009 and a Progress Report in November 2009. The Panel’s Investigation Report was issued on September 16, 2010. Bank Management has prepared this Report and Recommendation in response to the Inspection Panel’s findings.

2. **The Project Development Objective was to modernize Panama’s land administration system.** It addressed land policy, legal/regulatory and institutional reforms; modernized the country’s geodetic network and mapping capabilities; and built the institutional capacity of various entities. The Project was approved in January 2001, was restructured in April 2006, and closed on June 30, 2010. The Project’s most notable achievements include, inter alia: (i) demarcation of the Ngöbe-Buglé Comarca mainland and some Annex Areas in Chiriquí and Veraguas provinces; (ii) elaboration of a draft law for the establishment of a Naso Comarca and its presentation (twice) to the National Assembly; (iii) delimitation of 70 percent of the Naso territory; (iv) completion of an integrated cadastre and registry system; and (v) surveying and titling 106 percent of targeted parcels in rural areas and 21 percent in urban areas.

3. **In April 2009, Management issued an Action Plan comprising 15 actions and these have been completed.** These 15 actions fell into seven broad areas: (i) preparation of an Indigenous Peoples Development Plan (IPDP); (ii) clarification of legal aspects related to the creation of a Naso Comarca; (iii) mediation efforts among the Naso; (iv) delimitation activities in Ngöbe Annex Areas; (v) verification and strengthening of consultation efforts by the Project; (vi) Bank staff interactions with the Requesters; and (vii) overall Bank support to country level efforts to address Indigenous Peoples’ rights.

Findings of the Panel

4. **The Inspection Panel Investigation Report was issued on September 16, 2010 and among its main findings the Panel highlights the Bank’s engagement and leadership role in supporting the land rights of Indigenous Peoples in Panama.** The Panel found that the Project included actions to meet the aspirations of indigenous communities. It noted that the Bank acted ahead of others in addressing these issues in

¹ In Panama the term *Comarca* refers to an administrative division for an indigenous population created by a specific law. The Ngöbe-Buglé *Comarca* was created by Law 10 of 1997 and is composed of a core area and several adjacent or “Annex Areas.”

Panama. The Panel also found that starting in early 2008 Bank staff have engaged intensively and constructively with the Requesters and affected communities and that the Requesters greatly appreciate these actions and efforts.

5. **Regarding Bank compliance with its policies and procedures, the Panel found that although there were some instances of non-compliance, “Bank Management has, in many respects, substantively complied with key policies and procedures applicable to the Project, namely on Indigenous Peoples (OD 4.20) and Project Supervision (13.05).”** The Panel found this to be the case especially with respect to the concerns of the Naso people. In particular, the Panel found that Management efforts denoted a good faith attempt to ensure meaningful consultations, consistent with OD 4.20 and that expanded supervision actions since early 2008 were in compliance with OP/BP 13.05 and OD 4.20.

6. **The Panel’s findings on non compliance relate to:** (i) project design (i.e., deficiencies in studies underpinning the Project related to the Ngöbe-Bugle people, lack of a stand-alone IPDP); (ii) lapses in supervision in the early years of Project implementation; (iii) inadequate consultations and demarcation methodologies in Ngöbe Annex Areas; and (iv) limited follow up by Management regarding ambiguities in the legal framework.

Management Response to the Findings

7. Management has observations related to four key issues:

- First, Management appreciates that the Panel acknowledges the importance of many actions taken to address concerns about the Naso Comarca and to resolve related conflicts.
- Second, for projects involving Indigenous Peoples, Management acknowledges the need for a stand-alone IPDP, the systematic involvement of experienced social scientists throughout project preparation and supervision, and improving the quality and reporting of supervision missions. Management further acknowledges that the current, revised IPDP will need to be further strengthened if it is to be treated as a model for future programs involving Indigenous Peoples in Panama.
- Third, Management notes that it has been supervising the consultation processes in the Ngöbe Annex Areas, and acknowledges that these have not been fully in compliance with OD 4.20. Management notes that in 2007-08, Bank staff supervised Project consultations and recommended that the methodology to consult the Ngöbe people needed to be more inclusive, exhaustive and culturally appropriate to be in compliance with Bank policies.
- Fourth, Management notes the Panel’s observations concerning ambiguities in the Panamanian legal framework to demarcate the Ngöbe Annex Areas, and explains actions taken during supervision to address this. Management further notes that neither private legal opinions nor government reports can settle ambiguities eventually arising from the Panamanian legal framework. In Panama these ambiguities are settled by the Judiciary through interpretation of the current legal

framework, or by the National Assembly through the issuance of a new law. Both of these actions are within the sole purview of the Government and fall outside the Bank's mandate.

Management Recommendations in Response to the Findings

8. Management appreciates the Panel's finding of broad concurrence with Bank policies and procedures applicable to the Project and acknowledges the Panel's observations on specific instances of non-compliance during Project design and during supervision in the early years, and its observations on systemic issues. To address the instances of non compliance, Management has proposed an action plan including the following:

- Management has offered its support to the Government to identify key issues that should be addressed in a more comprehensive IPDP, which the Government may update and treat as a model for future programs involving Indigenous Peoples in Panama.
- Management will ensure that the funds declared ineligible related to inadequate consultations with Indigenous Peoples identified during project supervision are returned to the Bank before the Loan Account is closed.
- Management will recommend to the Government to further enhance awareness among Indigenous Peoples of the contents and implications of Law 72 of 2008 and its regulations. Management will share good practices on consultations during the multi-stakeholder workshop to be carried out before June 2011.
- Management will recommend to the recently-created National Authority of Land Administration (ANATI) that addressing the outstanding land claims of the Naso should be one of its immediate priorities.
- In November 2010, Management will verify in-situ the scope and quality of the latest round of consultations carried out in Annex Areas from May to June 2010 and will issue recommendations to the Government.
- Management will recommend to the Government that demarcation of the Ngöbe Annex Areas in Bocas del Toro be another immediate priority for ANATI.
- Management will incorporate the Panel's findings and the lessons learned from this Project into the design and implementation of similar projects in the Region, particularly with regard to stakeholder consultations, the need to conduct social analyses and social assessments during project preparation, the need for a stand-alone IPDP, and the systematic involvement of experienced social scientists throughout project preparation and supervision.
- Finally, Management will make use of available opportunities to continue its engagement on Indigenous Peoples' issues in Panama. Drawing upon the lessons learned from the design and implementation of this Project, as well as other development projects in Panama, Management will support a multi-stakeholder workshop before June 2011 to discuss good practice approaches and strategies to promote inclusive development of Indigenous Peoples.

I. INTRODUCTION

1. On March 11 and March 20, 2009, the Inspection Panel registered two Requests for Inspection, IPN Request RQ 09/01 and RQ 09/04, respectively (the First and Second Requests), regarding the Panama Land Administration Project (“the Project”), financed by the International Bank for Reconstruction and Development (IBRD). The First Request was submitted by members of the indigenous community of Pueblo Naso (hereafter referred to as the First Requesters or Naso Requesters, as applicable, see Map 1), and the second by representatives of some Ngöbe-Buglé¹ communities living in the *Areas Anexas* or “Annex Areas” to the Comarca² Ngöbe-Buglé in the Bocas del Toro Province (hereafter referred to as the Second Requesters or Ngöbe Requesters, as applicable, see Map 2).

2. The Executive Directors and the President of IBRD were notified by the Panel of receipt of the two Requests. Management responded to the claims in both Requests and presented an Action Plan on April 20, 2009.

3. In its Report to the Board, the Panel found both Requests eligible and recommended that the Executive Directors authorize an investigation, but that the start of the investigation be delayed for approximately four months in deference to the fact that a new Government was taking office in the Republic of Panama, and to allow time for progress on the actions referred to in the Management Response of April 2009. The investigation was authorized by the Executive Directors on July 7, 2009.

4. Prior to the initiation of the Panel’s investigation, Management submitted a progress report on its Action Plan to the Panel on November 12, 2009. The Panel team visited Panama from January 27 to February 4, 2010.

5. On September 16, 2010, the Panel issued its report outlining the findings of its investigation. Management appreciates the Panel’s clear and thorough presentation of its findings. This report, responding to the findings of the Panel, is organized in six sections. Section II briefly describes the Project and its main achievements, and it provides a summary of the status of Management’s Action Plan included in the Management Response of April 2009. Section III summarizes the findings and observations of the Panel, while Section IV provides additional information on key issues at the center of the investigation. Management presents its Recommendations in response to the Panel’s findings in Section V, and the conclusion to the report in Section VI. The Panel’s findings, along with Management’s comments and actions, are described in detail in Annex 1. Additional annexes provide a chronology of key Project events (Annex 2) and information on laws and decrees referred to in this Report (Annex 3).

¹ There are different spellings commonly used to refer to the Ngöbe-Buglé People. The Panel used Ngäbe. In this Report and Recommendation, Management uses the spelling used in Law 10 of 1997 that created the Ngöbe-Buglé *Comarca*.

² In Panama the term *Comarca* refers to an administrative division for an indigenous population created by a specific law. There are five such regimes in the country: Kuna Yala (1938), Emberá-Wounan (1983), Madungandi (1996), Ngöbe-Buglé (1997) and Wargandi (2000). The Ngöbe-Buglé *Comarca* was created by Law 10 of 1997 and is composed of a core area and several adjacent or “annexed” areas.

II. THE PROJECT

6. The Panama Land Administration Project was prepared during 1999-2000 and approved by the Board on January 16, 2001. It was restructured on April 16, 2006 and closed on June 30, 2010 (key Project milestones and relevant events are summarized in Annex 2). The World Bank-financed Project (the "Project") was one of three projects that constitute the Panama Land Administration Program (PRONAT, the "Program"), the other two being financed by the Inter-American Development Bank (IDB).

7. As part of Project restructuring, effective on June 23, 2006, the Project Development Objective (PDO) was simplified to read "to modernize the land administration system, including priority protected areas and Indigenous Peoples' territories." The main Project beneficiaries were urban and rural poor who lacked tenure security, including Indigenous Peoples. Specifically, the Project sought to:

- Establish simpler procedures for land regularization and titling and strengthen land administration institutions;
- Map half of the country, survey 110,000 parcels and issue 27,000 urban and rural titles;
- Establish an integrated registry and cadastre system (SIICAR); and
- Consolidate selected protected areas and three Indigenous Peoples' territories (Ngöbe-Buglé, Kuna, and Naso).

8. **Project Components.** The following description of Project components and US Dollar amounts were effective as of June 23, 2006, the date of the Project's restructuring. Total Project cost was US\$58.57 million, with an IBRD loan amount of US\$47.9 million.

- *Component 1: Land Policy, Legal and Institutional Framework (US\$ 13.56 million; 23.2 percent of total Project cost).* This component aimed at providing the policy, legal and institutional framework, as well as the capacity needed by the Project to deliver land administration services. The Project envisaged actions on three specific sets of activities: (i) introducing a series of land policy, legal/regulatory, and institutional reforms to simplify land titling, enable land sales and rentals, consolidate protected areas and indigenous territories, and serve as a basis for land valuation and taxation; (ii) establishing inter-institutional co-management mechanisms at the national and local level; and (iii) building capacity in local level nongovernmental organizations and municipalities.
- *Component 2: Land Regularization (US\$ 28.99 million; 49.5 percent of total cost).* This component aimed at activities required for the massive land regularization process in Project areas. The Project envisaged three sets of activities: (i) modernizing the geodetic network and generating maps and satellite images to identify parcels in rural and urban areas for regularization, and for demarcation of protected areas and indigenous territories; (ii) carrying out

cadastral surveys to ground truth the satellite imagery, resolve issues relating to property rights, and issue titles; and developing an integrated information system (SIICAR) and updating it with cadastral survey data; and (iii) establishing alternative dispute resolution mechanisms.

- *Component 3: Consolidation of Protected Areas and Indigenous Territories (US\$ 7.97 million; 13.6 percent of total cost).* This component aimed at: (i) consolidation of the National System of Protected Areas (SINAP); (ii) establishment and consolidation of protected areas within SINAP; and (iii) establishment and consolidation of indigenous territories, including support for the preparation of the draft law and charter³ required to establish and legally recognize the Naso Teribe Region; the updating of the charters of selected *Comarcas*; and the demarcation of selected Indigenous Peoples' territories. Subcomponent 3.2 also provided for technical and baseline studies, technical assistance for conflict resolution in indigenous territories, public information and promotion campaigns and strengthening of indigenous organizations and indigenous authorities.
- *Component 4: Project Management and Monitoring and Evaluation (US\$ 8.05 million; 13.7 percent of total cost).* This component aimed at: (i) capacity building of land administration entities, including strengthening them to provide land administration services on a decentralized basis; (ii) development of a monitoring and evaluation system; and (iii) strengthening the capacity of the Project Coordination Unit.

9. **Implementation Arrangements.** Although primary responsibility for Project implementation fell to the Ministry of Finance, as part of a national program, the Project was implemented by multiple agencies: the National Directorate of Agrarian Reform, the Public Registry, the Directorate of Cadastre and Patrimony, the National Environmental Agency, the National Directorate of Indigenous Policy; the National Geographic Institute, and the National Directorate of Local Government. Following the Project restructuring, the Ministry of Housing was included as co-executing agency. Interagency coordination was promoted at the national level by two structures created specifically for the Project: the Superior Council for Land Administration and the Technical Operational Committee. They were respectively responsible for the policy and technical regulatory frameworks needed for Project implementation, and were supported by a Project Coordination Unit, under the Ministry of Finance. This unit was responsible for the day-to-day management of Project activities, coordination, financial transactions, procurement, and operational reporting to Management.

10. **Status of Management's Action Plan of April 2009.** The Management Action Plan of April 2009 has been completed. Due to the change of Government administration in mid-2009, implementation of the Plan took more time than originally expected, as the new Government authorities needed time to become familiar with PRONAT's work and

³ In Panama, a *Carta Orgánica*, or Charter, refers to the detailed description of the by-laws and regulations related to an administrative division, either a *Comarca*, or a *Corregimiento Comarcal*.

the activities contained in Management's Action Plan to address the two Requests for Inspection. The actions proposed in the Plan have now been completed. Details on the status of each of the 15 actions are presented in Table 1 below.

Table 1. Status of Management's Action Plan of April 2009

ISSUES AND CONCERNS	STATUS
Lack of stand-alone Indigenous Peoples' Development Plan (IPDP)	
1. Finalize IPDP, including consultations with key stakeholder groups.	<i>Completed and further progress ongoing.</i> A draft version of the IPDP was completed and publicly disclosed, and may undergo further revisions. Given the lessons learned from this project, Management has offered its support to the Government to identify key issues that should be addressed in a more comprehensive IPDP, which the Government may update and treat as a model for future programs involving Indigenous Peoples. Management will provide an update on these discussions with the Government in the Implementation Completion and Results Report (ICR) by December 2010.
2. Disseminate IPDP through consultations, in-country web sites, and World Bank InfoShop.	<i>Completed and further progress ongoing.</i> A draft version of the IPDP has been disseminated through consultations, in-country websites and the World Bank InfoShop. The latest round of consultations with key stakeholders took place between March and June 2010. The Government has not yet submitted to Management a report on the feedback received during these consultations. In November 2010, Management will review the Government's latest efforts to revise and disseminate the IPDP, and convey its findings in the Project's ICR in December 2010.
Naso Comarca Bill was not approved by the National Assembly, and Article 17 in the Ley de Tierras Colectivas does not meet the aspirations of the Naso people	
3. Clarify implications of Article 17 of Law 72 of 2008, and support further mediation and consultations among the Naso.	<p><i>Completed.</i> Management obtained a legal opinion from the Project and an independent legal review on the implications of Article 17 of Law 72 of 2008 for the Naso territorial aspirations. Management understands that Law 72 of 2008 does not preclude the possibility of the Naso people asking for a Comarca nor the possibility of the National Assembly approving its creation. Management notes that the Regulations to this law were issued on July 29, 2010 and that there is no reference to either Article 17, or the Naso land claims.</p> <p><i>Completed.</i> Management has consistently supported the Project's mediation and consultation efforts among the Naso. These resulted in the creation of a Naso Commission in March 2010 composed of ten members from both Naso factions (including Valentin Santana and Tito Santana). However, Management notes that as a result of resolutions issued at a Naso Assembly of Valentin Santana's followers on August 29, 2010, the Commission has been de-facto dissolved.</p>
4. Follow up with the Government regarding potential for reintroduction of new draft Comarca Bill, with offer to support consultations and other work within the scope of the Project.	<i>Completed.</i> Management has repeatedly followed up with the Government regarding the creation of a Naso Comarca and has received different opinions from different Government agencies regarding the Executive's willingness to reconsider the creation of a Naso Comarca. More recently, however, Management has been informed that representatives from the National (legislative) Assembly (<i>diputados</i>) present at the August 29, 2010 Naso Assembly will transmit to the National (legislative) Assembly the communities' request to reconsider the draft bill to create a Naso Comarca (the one supported by the Project and presented to the Assembly in 2004 and again in 2005).
Concern among Ngöbe-Buglé that the delimitation of Annex Areas is inadequate	

ISSUES AND CONCERNS	STATUS
<p>5. Clarify and report to Requesters on the implications of Law 72 of 2008 and Law 18 of 2009 regarding Annex Areas.</p>	<p><i>Completed.</i> At Management's request, in June 2009 the Project unit carried out a legal assessment in this regard and reported that these laws did not affect the definition of Annex Areas, which remained regulated by Law 10 of 1997 that created the Ngöbe-Buglé Comarca. However, in December 2009, Management received a separate legal opinion from the Ministry of Government and Justice which concluded that Law 18 of 2009 and Law 10 of 1997 have contradictory mandates as to how certain Annex Areas are to be demarcated (as an administrative <i>Corregimiento</i> according to the former, as an Annex Area according to the latter). Management notes that neither private legal opinions nor government reports can settle ambiguities eventually arising from the Panamanian legal framework. In Panama these ambiguities are settled by the Judiciary through interpretation of the current legal framework, or by the National Assembly through the issuance of a new law. Both of these actions fall outside the Bank's mandate.</p> <p>Bank staff met with the Ngöbe Requesters in November 2009, December 2009, and April 2010 and reported back to them on these ambiguities in the legal framework.</p>
<p>6. Verify that delimitation includes the broader territory including <i>trabajaderos</i>.</p>	<p><i>Completed.</i> Management has verified <i>in-situ</i> that the proposed delimitations for Annex Areas in some cases include <i>trabajaderos</i>, but not in others. On the basis of these verifications, Management recommended that the Project sponsor new rounds of consultations in Annex Areas, which took place in May-June 2010. The Government has not yet submitted to Management a report on these consultations. Management will review <i>in-situ</i> the outcome of these consultations in November 2010, issue recommendations to the Government and report its overall findings in the Project's ICR in December 2010.</p>
<p>Concerns over inadequate consultations in the Project</p>	
<p>7. Verify improved consultations regarding delimitation of Annex Areas among Ngöbe-Buglé as per previous supervision recommendations; support further strengthening as required.</p>	<p><i>Completed.</i> See item 6 above.</p>
<p>8. Continue to support efforts to mediate between the two Naso factions.</p>	<p><i>Completed.</i> See item 3 above.</p>
<p>Need for strengthened Project capacity to implement recommendations from Social Assessment (SA), consultation framework, and IPDP</p>	
<p>9. Organize training event(s) for Project staff and national resource persons on social assessment processes including consultations.</p>	<p><i>Completed and further progress ongoing.</i> Management carried out a detailed training event in September 2009. In addition, Management will support a multi-stakeholder workshop before June 2011 to discuss good practice approaches and strategies to promote inclusive development of Indigenous Peoples. Management will share its recently issued "guidance note on consultations in investment projects" with workshop participants and various government agencies.</p>
<p>Concern among Requesters that the Bank has not been sufficiently responsive</p>	
<p>10. Summarize key points in Management Response and Action Plan related to the Requests for Inspection, and offer to meet and discuss follow-up actions.</p>	<p><i>Completed.</i> Bank staff have met with both groups of Requesters on several occasions and have maintained regular correspondence with them on various Project-related issues. In addition, in the coming days Bank staff will discuss by telephone with both groups of Requesters the actions proposed in this Management Report and Recommendation.</p>

ISSUES AND CONCERNS	STATUS
11. Provide direct feedback about previous and future missions and interactions.	<i>Completed.</i> See item 10 above.
12. Continue to interact with both Tito Santana and Valentín Santana and their constituencies, as well as different groups among the Ngöbe-Buglé.	<i>Completed.</i> Throughout 2009 and 2010 Bank staff have held several meetings with both Tito Santana and Valentín Santana (leaders of the two Naso factions), as well as with the Ngöbe Requesters and the Ngöbe <i>Cacique General</i> . ⁴ In addition, Bank staff have visited various Ngöbe and Naso communities.
Overall concerns about poverty and marginalization of Indigenous Peoples, and pressures on their resources	
13. Continued country level dialogue to strengthen attention to Indigenous Peoples' rights in the Bank's portfolio.	<i>Completed and further progress ongoing.</i> Bank staff met with the Director of Indigenous Affairs in March 2010 to discuss national policy for Indigenous Peoples. In the advent of Panama's new Government, Bank Management has prioritized the strengthening of Indigenous Peoples' rights in the new Panama Country Partnership Strategy (CPS). In addition, Management will continue its dialogue with the Government on a regular basis.
14. National capacity building on international good practice standards related to safeguards, in particular environmental management and Indigenous Peoples' rights.	<i>Completed.</i> See item 9 above.
15. Offer to assist the Government to develop more sustainable and equitable solutions for Indigenous Peoples.	<i>Completed and further progress ongoing.</i> In all of its meetings with Panamanian Government officials, senior Bank Management has consistently offered the Bank's assistance in the development of sustainable and equitable solutions for Indigenous Peoples' issues in the country. During the stakeholder consultations for the development of the new CPS (May 24-26, 2010), participants, including Indigenous Peoples' representatives, considered the Bank an important ally in this regard. Management intends to continue emphasizing this issue in its broader country dialogue with the Panamanian authorities.

11. **Project Status.** In December 2009, the Government requested an extension of the Project's Closing date until to June 30, 2010 to allow for an orderly closure of the Project. Management took the opportunity of this 6-month extension of the Project's Closing Date (to June 30, 2010) to impress upon the Government the need to address some unresolved issues, mostly related to the Indigenous Peoples' subcomponent (including improved consultations in Naso and Ngöbe areas in Bocas del Toro). Management also insisted that no new titling activities take place under the Project during the extension period, as Bank supervision missions in late 2009 had learned that some individual titling processes carried out in 2008 in Bocas del Toro Province did not follow proper consultations. Management requested clarifications from the Government on these titling processes and commissioned independent audits to assess their technical and social integrity. Bank supervision missions (including the results of the technical and social audits) conducted in early 2010 determined that some of the titling processes carried out in 2008 fell outside the provisions of the Project and consequently, on June 11, 2010, Bank Management declared those activities as ineligible under the Loan Agreement.

⁴ The *Cacique General* is the highest individual traditional authority of the Ngöbe in Panamá.

12. **Project Achievements at Closing.** After nine years of implementation (and two extensions of its Closing Date), the Project closed on June 30, 2010. A total of US\$ 46.0 million (97 percent of the Loan) was disbursed by October 20, 2010. Although the Project achieved some important targets (summarized below), the final rating for overall achievement of the Project Development Objective was Marginally Unsatisfactory, largely as a result of significant delays in implementation, unsatisfactory allocation of counterpart funding throughout the Project's life, and unsatisfactory implementation of some activities under the Indigenous Peoples' territories subcomponent. The Project's most notable achievements are:

- Demarcation of the Ngöbe-Buglé Comarca mainland and Annex Areas in Chiriquí and Veraguas provinces (though not the Annex Areas in Bocas del Toro Province, which were the subject of the Second Request);
- Elaboration of the draft law for the establishment of the Naso Comarca and its presentation to the Assembly;
- Delimitation of 70 percent of the Naso territory (including the natural boundaries that do not require demarcation);
- Approval of a Law on Mass Land Titling (Law 24 of 2006, a key legal reform);⁵
- Establishment of Alternative Dispute Resolution Mechanisms in all the provinces covered by the Project;
- Modernization of the geodetic network and mapping of half of the country;
- Completion of an integrated Cadastre and Registry System (SIICAR);
- Surveying and titling of 106 percent of targeted parcels in rural areas and 21 percent in urban areas; and
- Demarcation of about 40 percent of targeted protected areas boundaries.

13. **Continuation of the Land Administration Program.** Management understands that the land administration project financed by the IDB has absorbed the majority of the staff previously financed by the World Bank loan, providing for the continuation in program objectives. Moreover, on October 5, 2010, the National Assembly approved a bill to create a National Authority of Land Administration (ANATI) which integrates various land agencies, including PRONAT's Coordination Unit, into one autonomous entity. This is a significant achievement, because it consolidates many of the institutional and operational structures developed under the Project and provides a permanent structure to address land tenure issues in Panama. Management will submit several specific recommendations to the new ANATI authorities related to the unfinished goals and lessons learned under the Project.

⁵ Annex 2 lists all the laws and regulations mentioned in this report.

14. **Going Forward.** With the advent of Panama's new Government, Management has prioritized the strengthening of Indigenous Peoples' rights at various levels of its country dialogue. In the stakeholder consultations for the development of the new Panama Country Partnership Strategy (CPS, May 24-26, 2010), Bank staff met with envoys of Indigenous Peoples groups. Participants at these consultations expressed the hope that the Bank would support the Government, *inter alia*, in: (i) taking a more inclusive and participatory social and economic development approach that benefits all Panamanians; (ii) implementing bilingual intercultural education programs; (iii) making investments in productivity and market access for small scale producers; (iv) assessing and mitigating the environmental impact of large infrastructure projects; and (v) working to increase transparency and improve public sector efficiency. Management is and will continue working with the Panamanian authorities in addressing these critical issues.

15. Management will continue its dialogue with the Government on a regular basis, especially in the preparation of specific projects. While the new CPS does not foresee a land administration operation, the Bank assistance program supports the Government's efforts to reduce poverty, especially among the rural poor and indigenous groups.

16. Management will also support a multi-stakeholder workshop before June 2011 to discuss good practice approaches and strategies to promote inclusive development of Indigenous Peoples. At this workshop, Management will also discuss the recently prepared "guidance note on consultations in investment projects" with workshop participants. Management will provide an update on these discussions in the ICR by December 2010.

17. Finally, Management is incorporating the findings of the Panel's investigation and the "lessons learned" from this project into the design and implementation of similar projects in the Region, particularly with regard to stakeholder consultations, the need to conduct social analyses and social assessments during project preparation, preparing a stand-alone IPDP, and ensuring the systematic involvement of experienced social scientists throughout project preparation and supervision.

III. FINDINGS OF THE PANEL

18. The Panel's findings may be organized in four categories: (i) general comments about the Bank's role in land regularization and Indigenous Peoples' issues; (ii) specific findings of compliance and non-compliance within the Project; (iii) observations on systemic issues; and (iv) observations on issues beyond the scope of the Project.

19. **The World Bank's Role in Land Regularization and Indigenous Peoples' Issues.** Management appreciates the Panel's overall observation related to the Bank's engagement and leadership role in supporting the land rights of Indigenous Peoples in Panama. The Panel found that the Project specifically included objectives and actions to meet the aspirations of indigenous communities, including the establishment of a Naso Comarca. The Panel also noted that the Bank acted ahead of others in addressing these issues in Panama.

20. The Panel also found that starting in early 2008 Bank staff have engaged intensively and constructively with the Requesters and affected communities to seek to better understand and help to resolve the problems they have raised. The Panel noted that the Requesters greatly appreciate these actions and efforts by Bank Management and hope that the Bank will remain engaged on these issues in the country.

21. **Panel Findings of Bank Compliance with its Policies and Procedures.** Table 2 below summarizes Management's understanding of Bank compliance with its policies and procedures in relation to the findings of the Panel. For further detail, see Annex 1 of this document.

Table 2. Summary of Findings of the Panel

Panel Findings on the Claims of the Naso People	
In compliance	<ul style="list-style-type: none"> The absence of a stand-alone IPDP at appraisal did not prevent the Bank from taking important actions in support of the aspirations of the Naso to have their own Comarca. The Social Assessment (SA) and Project Appraisal Document (PAD) prepared for the Project properly highlighted the core need to give high priority to the work to develop a Naso Comarca, consistent with the objectives of OD 4.20.
In compliance	<ul style="list-style-type: none"> The Project's support for preparation of a Comarca bill in the early years of Project implementation was directly supportive of the territorial and administrative aspirations of the Naso, consistent with OD 4.20 and OP 13.05. The failure of the bill to pass National Assembly in 2004 and again in 2005 does not alter this assessment.
In compliance	<ul style="list-style-type: none"> Management tried to deal with both factions of the Naso people, and repeatedly interacted with the Project directly to make attempts to resolve the conflict. The Panel finds these recent efforts denote a good faith attempt on the part of Management that the consultation was meaningful, and that the genuine representatives of the Naso participated in the process, consistent with the provisions of OD 4.20.
In compliance	<ul style="list-style-type: none"> The suspension of Project support for Law 72 is consistent with requirements of OP/BP 13.05.
In compliance	<ul style="list-style-type: none"> The Panel notes the importance of the Bank's active engagement in efforts to address and resolve the conflict with Ganadera Bocas, in line with relevant Bank policies.
In compliance	<ul style="list-style-type: none"> The Panel commends Bank Management for more recent expanded supervision actions, which are in compliance with OP/BP 13.05 and OD 4.20. The Requesters have also indicated to the Panel their appreciation for these efforts of Bank Management.
Not in compliance	<ul style="list-style-type: none"> The Panel concurs with the view of Management [acknowledged in Management Response of April, 2009] that the absence of a stand-alone IPDP, and failure to disclose publicly the SA prior to appraisal, was not in accordance with OD 4.20.
Not in compliance	<ul style="list-style-type: none"> The contradictory situation surrounding Law 72 warrants seeking further explanations from the borrower in order to achieve full compliance with OP/BP 13.05 and the objective of OD 4.20, to address concerns of intended Project beneficiaries.
Not in compliance	<ul style="list-style-type: none"> The IPDP does not contain all of the elements required by OD 4.20. The new document could only serve as a positive model for later IPDPs in Panama if it contained all the elements of an IPDP required by Bank policy.
Panel Findings on the Claims of the Ngöbe People	
In compliance	<ul style="list-style-type: none"> The Panel notes and appreciates the recent efforts by Bank Management to gather further information [related to the case of Norteño] and stresses the importance of both clarification and follow-up in line with Bank policy and the relevant Project objectives.
In compliance	<ul style="list-style-type: none"> Management's actions following the concerns raised by the Requesters beginning in early 2008 are consistent with the requirements of OP/BP 13.05 on Project

Supervision.	
Not in compliance	<ul style="list-style-type: none"> [Project Design and Appraisal] The Panel finds that an IPDP with adequate consultations and studies that inform an IPDP could have identified the Annex Areas in Bocas del Toro as a critical issue requiring immediate attention. The Panel finds flaw in studies underpinning the Project, as it relates to the Ngöbe people, which did not meet the requirements of OD 4.20 for an IPDP.
Not in compliance	<ul style="list-style-type: none"> [Project Design and Appraisal] Dissemination of project information of particular relevance to the Indigenous People in the Project areas did not comply with the requirements of OD 4.20.
Not in compliance	<ul style="list-style-type: none"> [Project Implementation] The methodology used for determining the boundaries of the Annex Areas included consultation with only the main leaders of the Ngöbe people – who may not have been “local” residents of the Annex Areas – but did not involve all of the interested communities. The Panel notes this methodology was not adequately participatory as required by OD 4.20.
Not in compliance	<ul style="list-style-type: none"> [Project Implementation] To meet the requirements of OP/BP 13.05 on Project Supervision, Management should have followed up on several inconclusive and, at times contradictory, legal opinions and reports on legal and regulatory developments directly affecting the Requesters.
Supervision and Systemic Issues	
In compliance	<ul style="list-style-type: none"> Management has taken many important actions since that time [early 2008] to review and address the concerns raised in these Requests. The intensity of supervision has increased since 2008 and meets the standards set forth in OP/BP 13.05 and OD 4.20.
Not in compliance	<ul style="list-style-type: none"> Supervision of the Project did not promptly and adequately react to warnings and emerging issues during certain key phases of the Project, which is not consistent with OP 13.05.
Not in compliance	<ul style="list-style-type: none"> Supervision visits did not include a social specialist until March 2007, which did not comply with OD 4.20.

22. In addition to the findings of Bank compliance or non-compliance with its various policies and procedures, the Panel made a number of observations related to Project supervision and systemic issues. These observations and Management’s comments and actions are presented in Annex 1.

23. **Issues Beyond the Scope of the Project.** The Panel notes that “the Bonyik dam has been a root cause of serious divisions within the Naso people.”⁶ The Panel also concludes that “[a]lthough Management cannot be held responsible for actions not financed by the Bank, it has a responsibility to identify promptly, and recommend ways to address, significant actions or events in the Project environment that may undermine key Project objectives.”⁷ While Management agrees that a development project cannot be seen in isolation from other relevant political economy factors, Bank responsibility should not be extended to areas or issues beyond the Project.

IV. KEY ISSUES

24. Management appreciates the Panel’s recognition of the importance of the Bank’s engagement in this type of intervention, the difficulty of addressing the very complex issues involved, and the steps Management took to address the concerns raised by the

⁶ Inspection Panel Investigation Report No. 56565, September 16, 2010, para. 199.

⁷ Ibid., para. 201.

Requesters. This section provides information related to four key issues at the center of the Panel's Investigation Report: (i) mediation efforts and consultations with the two Naso factions (led by Valentín Santana and Tito Santana, respectively); (ii) the studies underpinning Project design and the role of the IPDP; (iii) consultations and the delimitation of Ngöbe Annex Areas; and (iv) the legal framework. Management's Recommendations and Actions are discussed in Section V below.

Mediation Efforts and Consultations with the Two Naso Factions

25. Management acknowledges the Panel's recognition of the fact that the effects of the schism that emerged in the Naso body politic in 2004 between people supporting Valentín Santana and those supporting Tito Santana have prevented a resolution of conflicts. Management also acknowledges the Panel's finding that once Management learned in 2007 about the schism, it sought "to deal with both factions of the Naso people, and repeatedly interacted with the Project directly to make attempts to resolve the conflict"⁸ and encourage Government Project staff to interact with, consult and include the two Naso factions. Management made several attempts to discuss the issues of the failed Comarca law and the Project's support of Law 72 on Collective Lands with both parties.

26. Management acknowledges the Panel's assessment that these efforts show good faith to ensure that the consultation process was meaningful, and that the genuine representatives of the Naso people participated in the process, consistent with the provisions of OD 4.20.

27. Management also appreciates the Panel's acknowledgement of the importance of a number of actions taken by Management to address concerns about the Naso Comarca, Law 72, and ongoing conflicts over land boundaries, including those related to Ganadera Bocas.

28. On November 18, 2009, in the context of a supervision mission, the two Naso factions accepted to work together with the Project to address the conflict related to a private livestock farm (Ganadera Bocas) and other Naso Comarca boundary issues. Unfortunately, on November 19, an eviction by the police of several Naso families found to be encroaching on lands claimed by Ganadera Bocas prevented implementation of the agreement reached the day before. Management notes that the Panel found that the Bank cannot be held responsible for these forced evictions. Despite this setback, following Management's recommendations, the Project once again sponsored a new agreement among the Naso factions and in March 2010, a Naso Commission was created with the participation of five members from each Naso faction, including their leaders, Valentín Santana and Tito Santana. Unfortunately, due to Government bureaucratic delays, the planned events for field-level activities by the Commission did not take place prior to the Project's closing on June 30, 2010. Management acknowledges the Panel's finding that the recent actions by Management are in compliance with OP/BP 13.05 and OD 4.20.

⁸ Ibid., para. 148.

29. Management notes that a resolution of a Naso Assembly organized by followers of Valentín Santana in August 2010 called for a break of relations with Tito Santana, which has resulted in the de facto dissolution of the Naso Commission.

Studies Underpinning Project Design and the Role of the IPDP

30. Management notes the Panel's observation that participatory development and proper dissemination of a stand-alone IPDP would likely have placed the Bank in a better position to support the Naso and the Ngöbe Indigenous Peoples. The Panel found that the absence of a stand-alone IPDP at appraisal did not prevent Management from taking important actions in support of the aspiration of the Naso to have their own Comarca. The Panel also found that the Social Assessment and the Project Appraisal Document highlighted the need to give high priority to the creation of the Naso Comarca, in compliance with OD 4.20.

31. However, Management acknowledges the Panel's finding that there was a lack of attention to the issues and needs of Ngöbe people living in the Annex Areas, both in Project preparation and in the early years of Project implementation. The socio-political and legal situation of the Ngöbe people residing in the Annex Areas could have been better addressed during Project preparation by highlighting risks and challenges, particularly related to the demarcation of the territorial claims. Participation of a social scientist in the supervision team during the early years also could have helped to identify these risks, better address the demarcation process, and supervise the consultations and participatory mechanisms, as was done after 2007, in line with Bank policy. Management tried to address these deficiencies through more intensive supervision and specialized technical assistance in the Project's later years, as described in the next section.

32. For projects involving Indigenous Peoples, Management acknowledges the importance of having a stand-alone IPDP, including social scientists in project preparation and supervision, and improving the quality of the field supervision missions. Management further acknowledges that despite the efforts to provide technical assistance to the Project staff, the current version of the document submitted still needs to be updated in order to address all aspects of an IPDP covered by OD 4.20. Going forward, Management has offered its support to the Government to identify key issues that should be addressed in a more comprehensive IPDP, which the Government may update and treat as a model for future programs related to Indigenous Peoples. Management will provide an update on these discussions with the Government in the ICR by December 2010.

33. Management also acknowledges the importance of improving consultations and participatory approaches with Indigenous Peoples more generally. Therefore, Management plans to organize workshops in 2011 with key stakeholders, including Indigenous Peoples and Government authorities, to widely disseminate Bank policies and build capacity in the use of participatory approaches. Management has prepared a "guidance note on consultations in investment projects" which will be shared and used as training materials.

Consultations and Demarcation of Annex Areas during Supervision

34. Regarding supervision efforts, Management acknowledges the Panel's finding that during certain key phases of the Project, supervision did not promptly and adequately react to warnings and emerging issues, as required by OP 13.05 and related provisions of OD 4.20. In 2007-08, Bank staff supervised Project consultations and made detailed recommendations to Project staff to substantially improve the consultations and to prepare a consultation plan to properly disseminate information about the delimitation and demarcation processes of Annex Areas. Bank staff recommended that the methodology to consult the Ngöbe people needed to be more inclusive, exhaustive and culturally appropriate to be in compliance with OD 4.20.

35. In November 2009, Management agreed with Project staff that a new round of consultations would take place in indigenous communities in Bocas del Toro. Management emphasized the need to execute highly inclusive consultations and to document the process. Bank staff visited several Annex Areas to assess the quality of the consultations, and to interact with the Requesters, traditional leaders, and community members. However, Management notes that even with an adequate consultation process, the expectations of the Ngöbe communities may still have conflicted with the provisions of Law 10, including the provisions to be followed in the process of demarcating Annex Areas.

36. During this year, Project staff have been actively consulting with Indigenous Peoples' groups. A consultation event held on March 8, 2010 aimed at disseminating information to Indigenous Peoples about the legal aspects of the demarcation of the Ngöbe Annex Areas in Bocas del Toro. A total of eight consultation workshops were also sponsored by the Project in Bri-Bri, Naso, Ngöbe, and Kuna communities to discuss the revised IPDP. Moreover, between May 12 and June 8, 2010, the Project organized consultation events in 14 of the 15 Annex Areas in Bocas del Toro, as well as with some communities adjacent to the main Ngöbe-Buglé Comarca, including the community of Norteño. Management will make field visits to some of these sites in November 2010, and will make recommendations to the Government accordingly.

37. Management notes the Panel's finding that Management's actions since early 2008 to review and address the concerns raised in the Requests meet the standards set forth in OP/BP 13.05 and OD 4.20.

The Legal Framework

38. **Naso.** With respect to the implications of Law 72 of 2008 (on Collective Lands) for the Naso territorial claims, in compliance with its responsibility to assess the country's applicable legal framework under any given Bank project, Management confirms its understanding that this law does not preclude the possibility of the Naso people asking for a Comarca, nor the possibility of the National Assembly approving its creation. It also confirms its understanding that, as of today, there are no legislative or regulatory developments that preclude that option.

39. **Ngöbe.** Management acknowledges that there are contradictory legal interpretations with respect to the impact of Law 18 of 2009⁹ on Law 10 of 1997 (creating the Ngöbe-Buglé Comarca). Management highlights that neither private legal opinions nor government reports can settle ambiguities eventually arising from the Panamanian legal framework. In Panama, like in many countries, these ambiguities are settled by the Judiciary through interpretation of the current legal framework, or by the National Assembly through the issuance of a new law. Both of these actions are within the sole purview of the Government and fall outside the Bank's mandate.

V. MANAGEMENT'S RECOMMENDATIONS IN RESPONSE TO THE FINDINGS

40. Management appreciates the Panel's findings of broad concurrence with Bank policies in key areas such as the inclusion of a specific Project objective to support the delimitation of and drafting of a bill for a Naso Comarca, Management's actions to prevent the use of loan funds for activities related to the draft bylaws (*Carta Orgánica*) of the Naso territory, and Management's more recent expanded supervision actions. Management also welcomes the Panel's observations on specific instances of non-compliance during Project design and supervision in the early years, and its observations on systemic issues related to the challenges of land management and administration projects and project supervision, more generally. The following table presents the action plan for following up on the Panel's findings.

Table 3. Management Recommendations and Actions

PANEL FINDINGS	PROPOSED ACTION
Related to the Naso	
1) Absence of stand-alone IPDP, and failure to disclose publicly the Social Assessment prior to appraisal, was not in accordance with OD 4.20. Panel finds absence of a stand-alone IPDP did not prevent Bank from taking important actions in support of aspiration of Naso to have own Comarca, consistent with the objectives of OD 4.20.	Management has offered its support to the Government to identify key issues that should be addressed in a more comprehensive IPDP, which the Government may update and treat as a model for future programs related to Indigenous Peoples. Management will provide an update on these discussions with the Government in the Project's ICR by December 2010.
2) Panel finds [informal suspension of disbursements] is consistent with requirements of OP/BP 13.05, but also finds such a contradictory situation surrounding Law 72 warrants seeking further explanations from the Borrower in order to achieve full compliance with OP/BP 13.05 and the objective of OD 4.20, to address concerns of intended Project beneficiaries.	Management will ensure that the funds declared ineligible related to this issue are returned to the Bank before the Loan Account is closed. Management will recommend to the Government to apply the consultation mechanisms envisioned under the revised IPDP in order to foster awareness among Indigenous Peoples of the contents and implications of Law 72 of 2008 and its Regulations. Management will recommend to the recently-created ANATI that addressing the outstanding land claims of the Naso should be one of the immediate priorities. Management will provide an update on the status of this

⁹ Law 18 of 2009 establishes new *corregimientos* (administrative jurisdictions) and lists all the existing ones in the district of Changuinola, Bocas del Toro province.

PANEL FINDINGS	PROPOSED ACTION
	recommendation in the Project's ICR by December 2010.
3) Panel now has copy of IPDP, but has determined it does not contain elements of IPDP as required by OD 4.20. It is the Panel's view that the new document could only serve as positive model for later IPDPs in Panama if it contained elements of IPDP required by Bank policy.	Same action as in item 1 above.
Related to the Ngöbe	
[During Project Design and Appraisal] 4) Panel finds that an IPDP with adequate consultations and studies that inform it could have identified the Annex Areas in Bocas del Toro as a critical issue requiring immediate attention. Panel finds flaws in studies underpinning the Project, as it relates to the Ngöbe people, which did not meet the requirements of OD 4.20 for an IPDP.	Same action as in items 1 and 3 above.
[During Project Design and Appraisal] 5) Dissemination of project information of particular relevance to the Indigenous People in the Project areas did not comply with the requirements of OD 4.20.	To address inadequate dissemination of project information during Project design, Management intensified its supervision efforts in 2008 and Bank staff met with the Ngöbe Requesters in November 2009, December 2009, and April 2010 and informed them directly regarding various Project-related issues of concern to them.
[During Project Implementation] 6) The methodology used for determining the boundaries of the Annex Areas included consultation with only the main leaders of the Ngöbe people—who may not have been "local" residents of the Annex Areas—but did not involve the interested communities. Panel notes this methodology was not adequately participatory as required by OD 4.20.	In November 2010, Management will verify <i>in-situ</i> the scope and quality of the latest round of consultations carried out in May–June 2010 and will issue recommendations to the Government. Management will also recommend to the Government that demarcation of the Ngöbe Annex Areas in Bocas del Toro be one of the immediate priorities for the recently-created ANATI. Management will provide an update on the status of this recommendation in the Project's ICR by December 2010. Management will share good practices on consultations during the multi-stakeholder workshop to be carried out before June 2011.
[During Project Implementation] 7) To meet the requirements of OP/BP 13.05 on Project Supervision, Management should have followed up on several inconclusive and, at times contradictory, legal opinions and reports on legal and regulatory developments directly affecting the Requesters.	Management acknowledges that there are contradictory legal interpretations with respect to the impact of Law 18 of 2009 ¹⁰ on Law 10 of 1997 (creating the Ngöbe-Buglé Comarca). Management highlights that neither private legal opinions nor government reports can settle ambiguities eventually arising from the Panamanian legal framework. In Panama, like in many countries, these ambiguities are settled by the Judiciary through interpretation of the current legal framework, or by the National Assembly through the issuance of a new law. Both of these actions are within the sole purview of the Government and fall outside the Bank's mandate.
Supervision and Systemic Issues	

¹⁰ Law 18 of 2009 establishes new *corregimientos* (administrative jurisdictions) and lists all the existing ones in the district of Changuinola, Bocas del Toro province.

PANEL FINDINGS	PROPOSED ACTION
8) Supervision of the Project did not promptly and adequately react to warnings and emerging issues during certain key phases of the Project, which is not consistent with OP 13.05.	Management highlights that the Panel noted that the intensity of supervision increased since 2008 and that this met the standards set forth in OP/BP 13.05 and OD 4.20. Moreover, Management is incorporating the findings of the Panel's investigation and the lessons learned from this Project into the design and implementation of similar projects in the Region, particularly with regard to stakeholder consultations, the need to conduct social analyses and social assessments during project preparation, having a stand-alone IPDP, and the systematic involvement of experienced social scientists throughout project preparation and supervision.
9) Supervision visits did not include a social specialist until March 2007, which did not comply with OD 4.20.	Same action as item 8 above.

VI. CONCLUSION

41. Management acknowledges the Panel's findings related to Bank compliance and non-compliance with its policies, OD 4.20 and OP/BP 13.05. Management believes that the proposed Recommendations and Actions presented in this Report address the Panel's findings.

ANNEX 1
FINDINGS, COMMENTS AND ACTIONS

ISSUE / FINDINGS	Para no.	COMMENT / ACTION
A. Panel Findings on the Claims of the Naso People		
<p>1. Claim that the Project has undercut the Naso aspiration for a Comarca—Project Design and Appraisal</p> <p>Social analysis emphasized the critical need for a Naso Comarca. The Panel observes that the inclusion of a specific Project objective to support the delimitation and drafting of a bill for a Naso Comarca flows directly from analysis contained in the Social Assessment (SA) prepared for the Project.</p> <p>The Panel considers that it is understandable how staff might have come to the conclusion that they had met the requirements under OD 4.20 regarding the preparation of an IPDP. The Panel further notes in this regard that it has received explanations from Management that the interpretation of these provisions has been clarified and evolved over recent years in favor of preparing a stand-alone IPDP in such situations.</p> <p>The Panel concurs with the view of Management that the absence of a stand-alone IPDP, and failure to disclose publicly the Social Assessment prior to appraisal, was not in accordance with OD 4.20.</p> <p>The Panel finds that the absence of a stand-alone IPDP at appraisal did not prevent the Bank from taking important actions in support of the aspiration of the Naso to have their own Comarca. The Panel further finds that the Social Assessment and PAD prepared for the Project properly highlighted the core need to give high priority to the work to develop a Naso Comarca, in light of risks faced by the Naso people. The Panel finds that this is consistent with the objectives of OD 4.20.</p>	117-129	<p>Comment: Management acknowledges the finding of compliance with OD 4.20 by the Panel related to the Naso territorial aspirations and reaffirms its commitment to meet the requirements of Bank policies in the Panama work program.</p> <p>Management notes the Panel's observation related to Management's current position in favor of preparing stand-alone Indigenous Peoples Development Plans (IPDPs) in such situations.</p> <p>Action: No action required.</p>
<p>2. Claim that the Project has undercut the Naso aspiration for a Comarca—Project Implementation and Supervision</p> <p>The Panel's review of the evidence indicated that during the period from 2001 to the suspension of discussions of the bill of law by the National Assembly in 2005, the indigenous territory component of the</p>	130-134	<p>Comment: Management notes the Panel's findings that the Project supported the delimitation of a proposed Naso Comarca territory and that the Naso were adequately informed and participated in the process of determining Comarca boundaries, addressing conflicts with regard to the boundaries, and elaborating</p>

ISSUE / FINDINGS	Para no.	COMMENT / ACTION
<p>Project supported the delimitation of a proposed Naso Comarca territory and the drafting of a bill of law for the Comarca.</p> <p>The evidence also indicates that the Naso were adequately informed and participated heavily in the process of determining Comarca boundaries, addressing conflicts with regard to the boundaries, and elaborating the Comarca bill.</p> <p>The Panel finds the Project's support for preparation of a Comarca bill in the early years of Project implementation was directly supportive of the territorial and administrative aspirations of Naso, and consistent with OD 4.20 on Indigenous Peoples and OP 13.05 on Project Supervision. The failure of a Comarca bill to pass National Assembly in 2004 and 2005 does not alter this assessment.</p>		<p>the bill of law for the Comarca.</p> <p>Management also notes the Panel's finding that supervision efforts were in compliance with OD 4.20 and OP 13.05.</p> <p>Action: No action required.</p>
<p>3. Claim that Project did not Consult Properly with Legitimate Leaders</p> <p>The Panel determined that Bank Management, upon learning of concerns in late 2007, tried to deal with both factions of the Naso people and repeatedly interacted with the Project directly to attempt to resolve the conflict.</p> <p>The Panel finds that recent efforts denote a good faith attempt on the part of Management to ensure that the consultation process was meaningful, and that the genuine representatives of the Naso indigenous peoples participated in process, consistent with the provisions of OD 4.20.</p> <p>As a matter of supervision, however, the Panel notes with concern the significant lapse in time before Management seems to have reported, and recommended action in response to, the risks posed for Project objectives resulting from the Naso schism.</p>	141-150	<p>Comment: Management acknowledges the finding of compliance with OD 4.20 by the Panel on this issue.</p> <p>Action: Regarding supervision, Management acknowledges its slow response to evolving events and notes that supervision efforts in the past two and a half years have compensated for this lapse. Management further notes that it has taken this lesson into account, and reaffirms its commitment to strengthen supervision efforts in similar projects.</p>
<p>4. Claim of Inadequate Consultations in Relation to Project Support for Law No. 72</p> <p>Management acknowledges [] that there were inadequate consultations with the Naso on the inclusion of Article 17 of Law No. 72 and the preparation of the draft organic charter. The Panel concurs in this assessment.</p> <p>The Panel notes the importance of</p>	157-165	<p>Comment: Management notes its previous acknowledgement of inadequate consultations with the Naso related to the inclusion of Article 17 of Law 72 of 2008.</p> <p>Management notes the Panel's emphasis on the importance of ensuring broad dissemination of information among Indigenous Peoples on matters having direct implications for their land rights and claims.</p>

ISSUE / FINDINGS	Para no.	COMMENT / ACTION
<p>ensuring broad dissemination of information among the Naso on matters having direct implications for their land rights and claims, such as Law 72 and the organic charter, and appropriate and meaningful consultations on these matters.</p> <p>The Panel also notes that once Management learned about the draft organic charter and shortcomings in consultation, Management reacted promptly to seek further information and then to ask the Government not to use loan proceeds for activities relating to the organic charter or land demarcation.</p>		<p>Management also acknowledges the finding by the Panel that Management reacted promptly once it learned about the preparation of the draft bylaws (<i>Carta Orgánica</i>).</p> <p>Action: Management will ensure that the funds declared ineligible related to this issue are returned to the Bank before the Loan Account is closed.</p> <p>Management also will follow up with the Government on how it intends to address the land claims of the Naso and, specifically, whether it plans to apply Law 72 of 2008 (and its recently-issued Regulations).</p> <p>Management will recommend to the Government to apply the consultation mechanisms envisioned under the revised IPDP in order to foster awareness among Indigenous Peoples of the contents and implications of Law 72 of 2008 and its Regulations.</p> <p>Management will report the results of these actions in the Project's Implementation Completion and Results Report (ICR) by December 2010.</p>
<p>5. Claim that Project Support for Law 72 has Caused "An Uncertain Regime of Regional Rezoning"</p> <p>The Panel is of the view that Management's decision to support the process of establishing Law No. 72 was a good faith measure that seemed reasonable under the prevailing political situation.</p> <p>The Panel finds, however, that this decision, consistent with the policy on Project Supervision, should have been followed by stronger efforts to seek clarity on the legal ambiguities of Law No. 72 with respect to the territorial aspirations of the Naso.</p> <p>The Panel finds the suspension is consistent with requirements of OP/BP 13.05, but also finds such a contradictory situation warrants seeking further explanations from the borrower to achieve full compliance with OP/BP 13.05 and the objective of OD 4.20, to address concerns of intended Project beneficiaries.</p>	<p>171-192</p>	<p>Comment: Management notes the finding by the Panel that Management's decision to support the process of establishing Law 72 was a good faith measure.</p> <p>With respect to the implications of Law 72 of 2008 on Collective Lands, in compliance with its responsibility to assess the country's applicable legal framework under any given Bank project, Management confirms its understanding that this law does not preclude the possibility of the Naso people asking for a Comarca, nor the possibility of the National Assembly approving its creation. It also confirms its understanding that, as of today, there are no legislative or regulatory developments that preclude that option.</p> <p>Management notes the finding of compliance with OP 13.05 by the Panel related to its actions to prevent the use of loan funds for activities related to the draft bylaws (<i>Carta Orgánica</i>) of the Naso territory.</p> <p>Action: Management will recommend to</p>

	ISSUE / FINDINGS	Para no.	COMMENT / ACTION
			<p>the recently-created National Authority of Land Administration (ANATI) that addressing the outstanding land claims of the Naso should be one of the immediate priorities. Management will provide an update on the status of this recommendation in the Project's ICR by December 2010.</p>
6.	<p>Claim that Project has Improperly Failed to Address Invasions of Naso Lands</p> <p>It is the Panel's view that the lack of resolution of the proposed Comarca boundaries may have contributed to the progressive deterioration of the land conflicts, which eventually led to evictions in 2009 of some Naso families found to be encroaching on the Ganadera's land.</p> <p>The Panel also notes that the Naso internal dispute seems to have also played a role in preventing a resolution of these issues. The Panel finds that while the verification of the proposed boundaries of Naso territory between 2004 and 2006 might have prevented the progressive worsening of events, the Bank cannot be held responsible for the violent eviction of members of the Naso in 2009.</p> <p>There are signs of improvement. Management has informed the Panel that there is now a Naso commission for the boundary issues that involves both factions. Also, the old agreement between Queen Rufina Santana and the owner of the company regarding the ceding of certain lands to the Naso may now be formalized. Given the serious nature of this particular conflict, the Panel notes the importance, as a matter of supervision, of the Bank's active engagement in efforts to address and resolve the conflict with Ganadera Bocas, in line with relevant Bank policies.</p>	197-216	<p>Comment: Management notes the finding by the Panel that the Bank cannot be held responsible for the violent eviction of members of the Naso in 2009.</p> <p>Management notes the Panel's finding that the Bank actively engaged in efforts to address and resolve the conflict between Naso communities and Ganadera Bocas, in line with relevant Bank policies.</p> <p>Management wishes to report that as a result of resolutions emanating from an August 29, 2010 Naso Assembly organized by followers of Valentin Santana, the Naso Commission (which had been supported by the Project) has been effectively dissolved and the two Naso factions are again operating separately.</p> <p>Also, to Management's knowledge, there have not been any new developments related to the formalization of the lands ceded to the Naso by Ganadera Bocas in the past.</p> <p>Action: Management will recommend to the Government that resolution of the pending issues between Naso communities and Ganadera Bocas should also be one of the immediate priorities for ANATI. The status of these recommendations will be reported in the Project's ICR by December 2010.</p>
7.	<p>Recent Actions</p> <p>The Panel now has a copy of the IPDP, but has concluded that it does not contain the elements of an IPDP as required by OD 4.20. The Panel appreciates the intent behind Management's action and good faith effort to bring the Project into compliance. It is the Panel's view, however, that the new document could only serve as a positive model for later IPDPs in Panama if it contained the elements of an IPDP required</p>	217-228, Exec Sum	<p>Comment: Management acknowledges the Panel's finding that this document does not yet contain all of the elements of an IPDP as required by OD 4.20.</p> <p>Management notes the Panel's recognition of Management's action and good faith effort to bring Project into compliance on this issue.</p> <p>Management notes the finding by the Panel that recent supervision actions</p>

ISSUE / FINDINGS	Para no.	COMMENT / ACTION
<p>by Bank policy, which, in the Panel's judgment, it does not.</p> <p>[T]he Panel would like to highlight the importance of a number of other recent actions taken by Bank Management, including actions on the ground, to address concerns about the Naso Comarca, Law No. 72, and ongoing conflicts over land boundaries. Repeated supervision missions have been carried out in the Project area beginning in November 2009 close to one visit a month—since the Project closing date was extended to June 2010.</p> <p>The Panel notes and commends Bank Management for [the] more recent expanded supervision actions, which the Panel finds are in compliance with OP/BP 13.05 and OD 4.20. Requesters have also indicated to the Panel their appreciation for these efforts of Bank Management.</p>		<p>comply with OD 4.20 and OP 13.05.</p> <p>Management also acknowledges the appreciation expressed by the Requesters.</p> <p>Action: Management has offered its support to the Government to identify key issues that should be addressed in a more comprehensive IPDP, which the Government may update and treat as a model for future programs involving Indigenous Peoples. Management will provide an update on these discussions with the Government in the ICR by December 2010.</p> <p>Moreover, Management will make use of available opportunities to continue its engagement on Indigenous Peoples' issues in Panama. Drawing upon the lessons learned from the design and implementation of this Project, as well as other development projects in Panama, Management will support a multi-stakeholder workshop before June 2011 to discuss good practice approaches and strategies to promote inclusive development of Indigenous Peoples.</p>
<p>B. Panel Findings on the Claims of the Ngöbe People</p>		
<p>8. Claim that Annex Area Issues were not Adequately Addressed</p> <p>No field study of sufficient depth to detect possible problems in the Annex Areas seems to have been conducted. The Panel finds that this is a flaw in the studies underpinning the Project, as they relate to the Ngäbe people. This does not comply with OD 4.20.</p> <p>The Panel recognizes the difficulty of identifying and addressing an issue that official leaders representing an indigenous group did not bring to the attention of Project officials. It is the Panel's judgment, however, that more-inclusive consultations should have been carried out, and would likely have brought the Annex Area issue to light.</p> <p>The Panel finds that the lack of a stand-alone IPDP generated adverse consequences for the Ngäbe people of the Annex Areas. It is the Panel's view that an IPDP with adequate consultations and studies that inform an IPDP could have identified the Annex Areas in Bocas del Toro</p>	<p>245-268, Exec Sum</p>	<p>Comment: Management acknowledges the Panel's finding that studies underpinning Project, as they relate to Ngöbe people, did not comply with OD 4.20.</p> <p>Management also acknowledges that a stand-alone IPDP with adequate consultations could have identified the Annex Areas in Bocas del Toro as a critical issue requiring timely attention.</p> <p>Action: See Actions under Item 7.</p>

ISSUE / FINDINGS	Para no.	COMMENT / ACTION
as a critical issue requiring timely attention.		
<p>9. Claim that Consultations in Delimiting the Annex Areas were Inadequate</p> <p>The Panel observes that the polygons offered to Ngäbe communities in the Annex Areas did not meet the expectations of the communities.</p> <p>The Panel finds that the methodology used for determining the boundaries of the Annex Areas included consultation with only the main leaders [who] may not have been "local" residents of the Annex Areas, but did not involve the interested communities. The Panel notes that this methodology was not adequately participatory as required by OD 4.20.</p> <p>Interviews in the field suggest that, if adequate polygons had been offered, many of the Annex Areas now listed as having rejected Comarca membership would have preferred to be in the Comarca because it would provide stronger land tenure security than they presently enjoy.</p>	273-289	<p>Comment: Management acknowledges the Panel's finding that the polygons offered to Ngöbe communities in the Annex Areas did not meet the expectations of the communities.</p> <p>Management has acknowledged that consultations in the Annex Areas did not comply with OD 4.20. As soon as Management identified deficiencies in the consultations in the Annex Areas in early 2008, it made specific recommendations to Project staff to redo these consultations applying a highly participatory approach.</p> <p>Management notes that the Government, under the auspices of the Project, has carried out a new round of consultations in Annex Areas during May and June 2010.</p> <p>Management also notes that Article 2 of Law 10 of 1997 establishes certain provisions to be followed in the process of demarcating Annex Areas and mandates that delimitation of Annex Areas in Bocas del Toro be carried out by a commission composed of various Government entities and that these delimitations be submitted by the Executive to the National Assembly for approval.</p> <p>Management highlights that even with an adequate consultation process, the expectations of the Ngöbe communities may still have conflicted with the provisions of Law 10, including the provisions to be followed in the process of demarcating Annex Areas.</p> <p>Action: In November 2010, Management will review <i>in-situ</i> the scope and quality of the latest round of consultations in some Annex Areas in November 2010 and will issue recommendations to the Government.</p> <p>Management will also recommend to the Government that demarcation of the Ngöbe Annex Areas in Bocas del Toro should be one of the immediate priorities for ANATI. Management will provide an update on the status of this recommendation in the Project's ICR by December 2010.</p>

	ISSUE / FINDINGS	Para no.	COMMENT / ACTION
10.	<p>Claim that the Comarca Boundary had been improperly restricted: the Case of Norteño</p> <p>During its investigation, the case of the community of Norteño was brought to the attention of the Panel. This case has to do with the demarcation to the Ngäbe-Buglé Comarca in the early years of the Project.</p> <p>It seemed evident to the Panel that no one present actually knew the case well, and the National Boundaries Commission members discussed the possibility that, in the future they might have to change the law [10 of 1997].</p> <p>It seems possible that the boundary was changed at some point subsequent to 2004 during the demarcation process and that the community was not consulted about this. If so, this change may have harmed their land tenure security by leaving them unprotected.</p> <p>The Panel notes and appreciates [recent efforts by Bank Management to gather further information on question], and stresses the importance of both clarification and follow-up in line with Bank policy and the relevant Project objectives.</p>	300-306	<p>Comment: Management notes that although this specific issue was not brought to its attention prior to December 2009, nor was it mentioned in the Request for Inspection, once Management learned about this issue in the course of Project supervision, it took prompt action and requested the Government to revisit the area, consult with community members, and propose ways to address this problem.</p> <p>Management also notes that it notified the Panel about this issue in January 2010, prior to the Panel's visit to Panama later that month.</p> <p>Management notes that the Government, following recommendations from a supervision mission, carried out a round of consultations in the community of Norteño to assess this issue in May–June 2010.</p> <p>Action: No action required.</p>
11.	<p>Claim that Project Failed to Address Encroachments in the Annex Areas.</p> <p>It seems clear that if issues of co-management had been properly addressed and the delimitation of the Annex Areas had occurred in a timely way, the Ngäbe would have been in a better position to negotiate terms and conditions of a concession within the land.</p> <p>The Panel finds that Management's actions following the concerns raised by the Requesters [...] are consistent with the requirements of OP/BP 13.05 on Project supervision.</p> <p>[A]s matter of supervision, the Panel notes the absence of any earlier reference in supervision reports to the potential risks for Project objectives by the Chan 75 concession. This lapse in supervision is similar to that identified by the Panel with respect to emerging developments and problems affecting the Naso during Project implementation.</p>	307-328	<p>Comment: Management acknowledges the Panel's finding related to the delays in the delimitation of Annex Areas.</p> <p>Management also notes the Panel's finding that Management's actions following concerns raised by the Requesters comply with the requirements of OP/BP 13.05.</p> <p>Regarding supervision, Management acknowledges its slow response to evolving events and notes that it has considerably strengthened its Project supervision efforts in the past two and a half years.</p> <p>Action: Management notes that it has taken this lesson into account and it reaffirms its commitment to strengthen supervision efforts in similar projects in the Region.</p>
C.	Supervision		

ISSUE / FINDINGS	Para no.	COMMENT / ACTION
<p>12. Adequacy of Project Supervision</p> <p>The Panel commends the Bank for financing a Project aimed at securing territorial rights for the Naso and the Ngäbe, and acknowledges the challenging environment in which the Bank was pursuing this objective. The Panel finds, however, that Management, in critical stages of the Project, did not supervise in a way that was commensurate with these challenges.</p> <p>[T]he Panel found that these critical events and risk factors affecting the local population were not reported accurately in the middle years of Project supervision.</p> <p>The Panel also noted [...] an important failure to analyze changing circumstances.</p> <p>In view of the seriousness of the threat to the Naso as a people from encroachments on their still unprotected lands, the Panel is of the view that supervision should have met a higher standard.</p> <p>It is the Panel's view that Management, as a matter of supervision, should have been more active and engaged to guide and verify Project actions, according to Bank policy, with regard to consultations and land demarcation with Ngäbe Annex Area communities.</p> <p>The Panel finds that supervision of the Project did not promptly and adequately react to warnings and emerging issues during certain key phases of the Project. This is not consistent with OP 13.05 on Project Supervision.</p> <p>[S]upervision visits did not include a social specialist until March 2007. This does not comply with OD 4.20 on Indigenous Peoples.</p> <p>Management has taken many important actions since [the February 2008 Supervision Mission] to review and address concerns raised in [the] Requests. The Panel notes that the intensity of supervision has increased since 2008. The Panel finds that this meets the standards set forth in OP/BP 13.05 and OD 4.20.</p>	<p>330-345</p>	<p>Comment: Management notes the Panel's appreciation for the Bank's financing of a Project aimed at securing territorial rights for Indigenous Peoples in a challenging environment.</p> <p>Management acknowledges the Panel's finding that the Bank, in critical stages of the Project, did not supervise in a way that was commensurate with these challenges.</p> <p>Management also notes the finding that it has taken many important actions since early 2008, including the systematic incorporation of experienced social scientists, to review and address concerns raised in the Requests and that the Panel finds this meets the standards set forth in OP/BP 13.05 and OD 4.20.</p> <p>Action: Management is incorporating the findings of the Panel's investigation and the lessons learned from this Project into the design and implementation of similar projects in the Region, particularly with regard to stakeholder consultations, the need to conduct social analyses and social assessments during project preparation, having a stand-alone IPDP, and the systematic involvement of experienced social scientists throughout project preparation and supervision.</p> <p>See also Item 7 regarding the planned multi-stakeholder workshop on good practice approaches and strategies to promote inclusive development of Indigenous Peoples.</p>
<p>D. Observations on Systemic Issues</p>		
<p>13. Challenges of Land Management and Administration Projects</p> <p>This investigation suggests that the Bank</p>	<p>350-355</p>	<p>Comment: Management appreciates the Panel's observation related to the Bank's engagement and leadership role in</p>

ISSUE / FINDINGS	Para no.	COMMENT / ACTION
<p>should be given credit for engaging in this extremely important Project in Panama, though it may not have invested sufficient resources to address the risks involved, especially with regard to supervision.</p> <p>The Panel notes and appreciates that once Bank Management discovered this problem [conflicting project components] during implementation, it promptly took responsive action.</p> <p>Bank Management has played a leadership role in seeking to support the land rights of indigenous peoples in Panama through this Project. The Project included a core component responding to fundamental aspirations of the indigenous communities, and unlike other donors the Bank was willing to take on the risks inherent in this kind of work. Furthermore, once the Requests for Inspection were filed, Bank staff constructively engaged with the affected communities to help resolve the issues. For all these reasons, the Requesters and affected people have expressed their hope that the Bank will remain engaged in these issues in Panama in the future, following relevant policy safeguards. The Panel is likewise of the view that continued Bank engagement on indigenous issues in Panama, in line with policy, is critical.</p>		<p>supporting the land rights of Indigenous Peoples in Panama.</p> <p>Management also notes the finding by the Panel that Management promptly took responsive action once it discovered the problem of conflicting components during Project implementation.</p> <p>With regard to the Bank's engagement in these issues in the future, Management notes that with the advent of Panama's new Government, Bank Management has given priority to the strengthening of Indigenous Peoples' rights at various levels of its country dialogue. In the stakeholder consultations for the development of the new Panama Country Partnership Strategy (CPS, May 24-26, 2010), the Bank met with representatives of indigenous groups. Participants considered the Bank an important ally for the implementation of the Government's new five-year development plan.</p> <p>Action: Management will continue its consultative dialogue with the Government on a regular basis. While the new CPS does not foresee a land administration operation, the Bank assistance program supports the Government's overall efforts to reduce poverty, especially among the rural poor and indigenous groups.</p> <p>See also Item 7 regarding the planned multi-stakeholder workshop on good practice approaches and strategies to promote inclusive development of Indigenous Peoples.</p>

ANNEX 2
CHRONOLOGY OF
KEY PROJECT PREPARATION AND IMPLEMENTATION
MILESTONES AND OTHER RELEVANT EVENTS

May to November, 1999	Project preparation
December 14, 2000	Negotiations
January 16, 2001	Board Approval (Original Closing Date: September 30, 2006)
April 2, 2001	Signature of the Loan
July 19, 2001	Effectiveness
October 14-18, 2004	Mid-Term Evaluation Mission
September 2004	New Administration of President Martín Torrijos
October 20, 2005	Request from Government to Restructure the Project
April 11, 2006	Restructuring Approval by the Board (first order)
June 23, 2006	Effectiveness of the Restructuring (New closing date of December 31, 2009)
January 30-February 2, 2008	Bank staff meet with the First and Second Requesters in Bocas del Toro during Supervision Mission
March 3-14, 2008	Bank staff meet with the First and Second Requesters in Bocas del Toro during Supervision Mission
March 11, 2009	Inspection Panel Registers the First Request
March 20, 2009	Inspection Panel Registers the Second Request
April 20, 2009	Bank Management submits Management Response and Action Plan to the Inspection Panel
April 27-29, 2009	Meeting with First and Second Requesters during Supervision Mission, informing them of content of Management Action Plan
May 3, 2009	General elections in Panama
May 26, 2009	Bank Management declares ineligible expenses related to preparation of draft Charter under Law 72 of 2008
July 1, 2009	New Administration of President Ricardo Martinelli
July 15, 2009	Senior Bank Management meets new Panamanian authorities
September 14, 2009	Bank Management alerts Government to possible suspension of disbursements due to lack of action on various Project issues
September 21 to 25, 2009	Bank carries out safeguards training workshop in Panama
September 28, 2009	Government allocates resources to Project, thereby preventing suspension of disbursements
November 2, 2009	Management submits Progress Report to Panel
November 16-20, 2009	Bank staff meet with First and Second Requesters during supervision mission, update them on status of Action Plan; mission learns about possibly ineligible titling activities in Bocas del Toro
November 18, 2009	Project sponsors an Agreement among the two Naso factions to work together in finishing the demarcation of the Naso territory
November 19, 2009	Police evict Naso families from lands claimed by a private livestock farm (Ganadera Bocas). This prevents implementation of the Naso Agreement reached the day before

December 10, 2009	Government of Panama requests Bank to extend Project Closing Date
December 13-16, 2009	Bank staff visit Ngöbe Annex Areas; Requesters notify Management for the first time of a demarcation problem in the Ngöbe community of Norteño (not mentioned in the Request, since it is not an Annex Areas)
December 28, 2009	Management notifies Government of extension of Project Closing Date provided there is a moratorium of titling activities by the Project in Bocas del Toro Province
January 8-18, 2010	Management reiterates its request to Government for detailed reports on titling activities in Bocas del Toro
January 14, 2010	Management receives from the Ministry of Government and Justice a legal opinion on the incompatibility of Law 10 of 1997 and Law 18 of 2009
February 2-6, 2010	Management launches technical and social audits of various titling processes in Bocas del Toro, Veraguas and Chiriquí
March 2, 2010	Under the auspices of the Project, the two Naso factions (led by Valentín Santana and Tito Santana, respectively) agree to form a Naso Commission to work on the demarcation of the Naso Comarca
April 13-15, 2010	Bank staff meet with members of Naso Commission
June 8, 2010	Bank Management declares ineligible expenses related to certain titling processes in Bocas del Toro
June 30, 2010	Project closes. Grace period to submit withdrawal applications and settle accounts until October 30, 2010
August 24, 2010	Management receives copy of approved Regulations of Law 72 of 2008
August 29, 2010	Assembly of Naso followers of Valentín Santana request National Assembly representatives to reconsider bill to create Naso Comarca. Naso Assembly also calls for a break of relations with Tito Santana's faction
September 16, 2010	Inspection Panel submits its Investigation Report to Bank Management
October 5, 2010	National Assembly creates the National Authority for Land Administration (ANATI) which incorporates the Project Coordination Unit

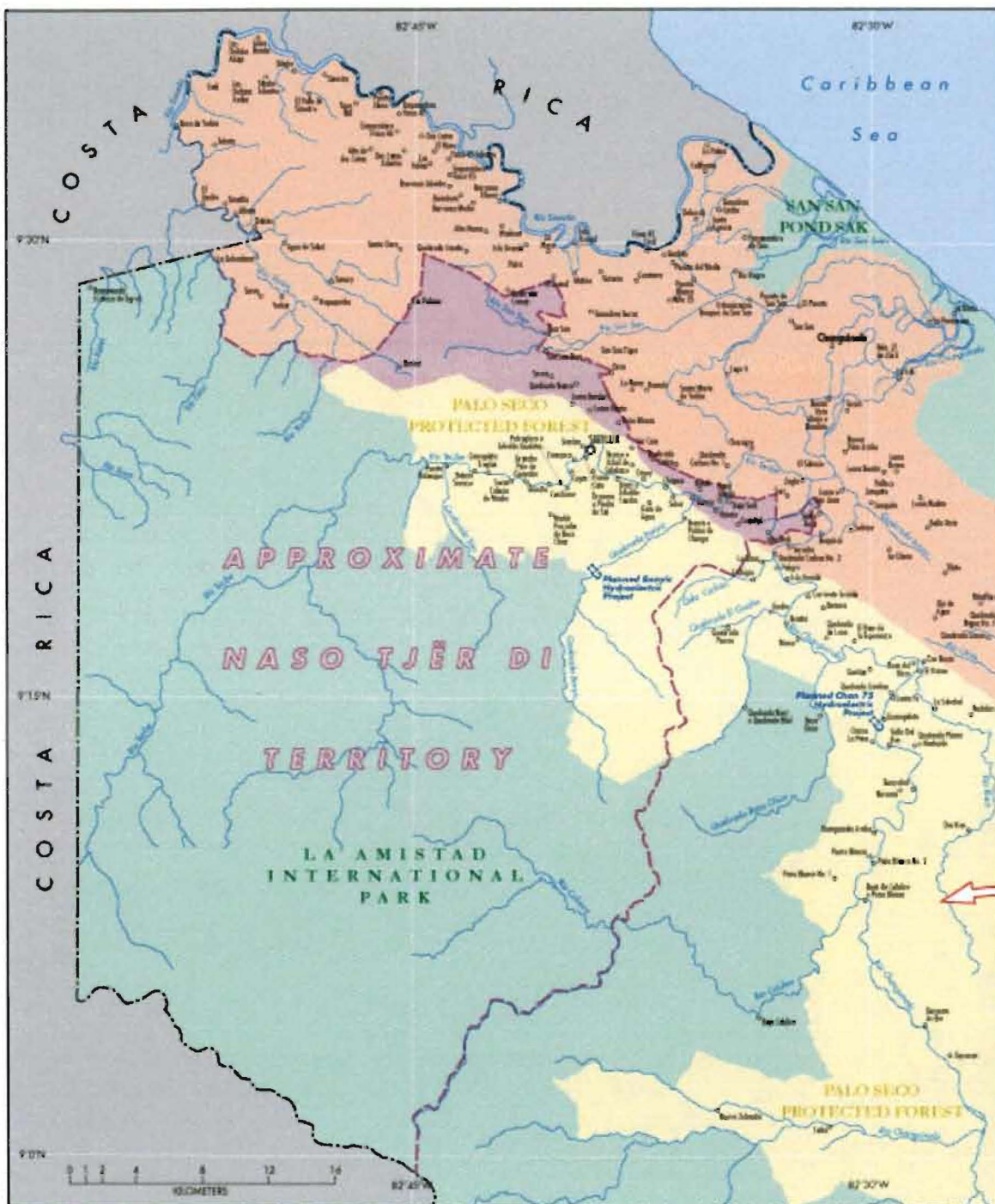
ANNEX 3
LIST OF LAWS AND EXECUTIVE DECREES MENTIONED IN
THE MANAGEMENT REPORT AND RECOMMENDATION

Law No. 10 of 1997, “By which the Ngöbe-Buglé Comarca is created and other measures are taken.”

Law No. 24 of 2006, “Which declares that the land regulation and mass titling activities executed by the State are matters of public order and social interest, and adopts other provisions.”

Law No. 72 of 2008, “Which establishes the special procedure for the allocation of collective ownership of lands of indigenous peoples who are not within the Comarcas.”

Law No. 18 of 2009, “Which creates corregimientos in the Districts of Chiriquí Grande and Changuinola in the Province of Bocas del Toro.”

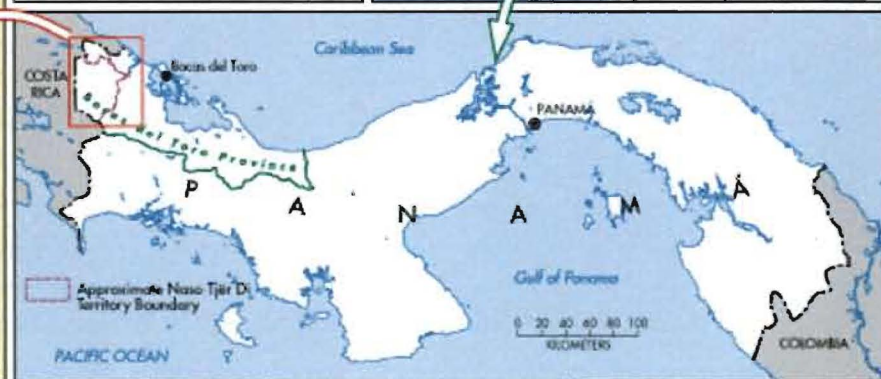


PANAMA / PANAMÁ
 LAND ADMINISTRATION PROJECT
 PROYECTO DE ADMINISTRACIÓN DE TIERRAS

Naso-Related Request for Inspection: Management Report and Recommendation
Solicitud de Inspección relacionada al pueblo Naso:
Informe y Recomendación de la Gerencia

- Approximate Naso Tjër Di Territory Boundary / Límites aproximados del Territorio Naso Tjër Di
- Proposed Hydroelectric Dams / Presas Hidroeléctricas en construcción
- Protected Areas / Áreas Protegidas:
 - La Amistad International Park, San San Pond Sak / Parque Internacional La Amistad, San San Pond Sak
 - Palo Seco Protected Forest / Bosque Protector Palo Seco
- Areas Regularized and to be Regularized Under Project Component 2 / Áreas regularizadas o a regularizar por el proyecto Componente 2
- Portion of Approximate Naso Tjër Di Territory Outside of Protected Areas / Porción del territorio aproximado Naso Tjër Di situada afuera de Áreas Protegidas
- Naso Tjër Di Capital / Capital Naso Tjër Di
- Populated Places / Poblados
- Rivers / Ríos
- International Boundaries / Fronteras Internacionales

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PANAMA / PANAMÁ
LAND ADMINISTRATION PROJECT
PROYECTO DE ADMINISTRACIÓN DE TIERRAS

Ngöbe-Buglé-Related Request for Inspection:
 Management Report and Recommendation
*Solicitud de Inspección relacionada al pueblo Ngöbe-Buglé:
 Informe y Recomendación de la Gerencia*

- ★ Annex Areas identified in Law 10 of 1997 /
 Áreas Anexas identificadas en la Ley 10 de 1997
- ▨ Ngöbe Buglé Comarca / Comarca Ngöbe Buglé
- Areas Regularized and to be Regularized Under Project Component 2 /
 Áreas regularizadas o a regularizar por el proyecto Componente 2
- ▭ Proposed Hydroelectric Dams / Presas Hidroeléctricas en construcción
- ▭ Proposed Hydroelectric Reservoir / Embalses Hidroeléctricos planeados
- AES Concession Area / Áreas de Concesión de AES

- Protected Areas / Áreas Protegidas:
- La Amistad International Park,
 San San Pond Sak /
 Parque Internacional La Amistad,
 San San Pond Sak
 - Palo Seco Protected Forest /
 Bosque Protector Palo Seco
 - Bastimentos Island Maritime Park /
 Parque Marino Isla Bastimentos
- Populated Places / Poblados
- Rivers / Ríos
- International Boundaries /
 Fronteras Internacionales
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