

During 2011, Panama was characterized by advances in economic growth and social investment, with a sustained economic growth estimated at 7.4% for 2010, a GNI per capita of over US\$13,000 and a Human Development Index of 0.755. In the last few years Panama has shown high levels of economic growth which has allowed an increased employment rate and slightly higher house incomes. The unemployment rate for 2010 was 6.5% and of 2011 it dropped to 4.5%. According to ECLAC, poverty rates as of 2010 were around 25.8%.

As well known, President Ricardo Martinelli was elected for a five year term in May of 2009, winning the election with 60% of the votes. He earns a high popularity among Panamanian and the coalition that supports President Martinelli, although it has gone through a series of internal disputes, grows stronger. The sudden rise of Cambio Democrático -and currently the principal governing party- has represented an important change in Panama's political landscape.

In terms of overall national development, the government's 2010-2014 Strategic National Plan focuses in logistics, tourism, agriculture and financial services. Also, the social strategy is built around two objectives: development of human capital and social inclusion. The Plan's key social programs include: targeted conditional cash transfers, expansion of preschool education, primary health care and nutrition, total investment is a projected USD 13.6 billion. Most of the investments will be made on infrastructure, including the building of the Metro in Panama City, as the President's flagship project. The Panama Canal Expansion Project represents an additional investment of USD 5,250 million to be completed by 2013. In summary, the public investment total for the five-year period of Ricardo Martinelli's Government amounts to an estimated USD 19 billion.

Despite positive growth, the country faces pending social challenges. According to the 2009 report related to the country advance towards achievement of MDGs by 2015, Panama is not on track to achieve MDGs 4, 5 and 6 on infant mortality, maternal mortality and HIV/AIDS. In regard to HIV/AIDS, it was due to the lack of updated and reliable epidemiological information. Currently, the available information related to the national epidemic trends, permit to conclude that the AIDS epidemic remains concentrated among highly vulnerable population groups, and that national response is progressively prioritizing the interventions aimed at most-at-risk population groups (MARPs).

Panama has the second highest disparity level in income distribution and access to basic social services in the region. Nevertheless, income distribution is unequal being that 40% of the families capture 10.4% to total national income, while 10% richest families capture 38.6% of the incomes. Poor population can be divided into three main groups: urban, non-indigenous rural, and indigenous, disparities to a large extent are linked to indigenous population (10 per cent of the total population) that lives in self-administered territories or Comarcas. 98% of the population of the Comarca Ngäbe-Buglé, live below the poverty line. There has been a deterioration of the political representation of women, since only 9% of women in Assembly. The level of violence against women has increased. The quality of education is low and the access to secondary school as well. In the education sector, preschool rates also improved and primary education rates continue to be high but although Panama shows high enrollment rates, the country continues to struggle with quality of education.

The country faces serious challenges on human rights issues, income distribution, employment, education and training, health and basic services, environment, climate change and vulnerability, justice's administration and security. Citizen safety is rapidly deteriorating and has become the second concern of the population after the cost of living.

At the global level, the HDI has increased through the years. Panama currently position is 54/169. At the national level differences between urban and rural areas persist; as well as difference in basic capacities, particularly education and standard of living.

Summary on progress towards UNDAF outcomes

The UN System worked with the Government of Panama promoting initiatives incorporated in the National Strategy for International Cooperation for Development 2010-2014, which aim to improve the focus of cooperation in priority areas for the social and economic development of the country, to strengthen the capacity of Panamanian institutions in the exchange of experiences in the region and to raise coordination with all actors involved in cooperation in Panama.

Also, as a result of this dialogue a basis was established to align the UN cooperation in the country in UN Development Assistance Framework (UNDAF) for the period 2012-2015, signed in October 2011, with cooperation areas centered on issues pertaining to (i) Environmental Sustainability and Disaster Prevention (ii) Citizen Security; (iii) Achievement of the MDGs; and (iv) Democracy and Governance.

Summary on progress in UN Reform

The RC System in Panama made significant progress in UN Reform during 2011.

1. Efforts to align with national development processes:

As Panama's economy has risen considerably in the last few years transitioning into a Middle-High Income Country, UN cooperation has worked consistently with this transition and efforts are targeted to key development areas where the UN comparative advantage is palpable and our role is pertinent.

UN System main collaboration efforts will be headed towards the value added that the joint interventions would have over isolated agency's mandate.

1. Support to national government in preparation, implementation and/or revision of comprehensive MDG-based national development initiatives:

According to the latest MDG Report, Panama's progress towards the achievement of the MDGs is the following:

- MDGs on track (1, 2, 3, 7):
 - Extreme poverty (2008)/national: 12.63%, goal 9%
 - Malnutrition weight/age/national: 5.8%, goal 3.3%
 - Enrollment rate primary education (2007)/national: 100%
- MDGs not on track (4, 5, 6):
 - Child mortality <5 years of age (2007)/national: 20.8/1000, goal 8.2/1000
 - Maternal mortality (2007)/national: 59.4/100,000, goal 13.4/100,000
 - HIV infection

As a tool for local governments and policy makers, an ATLAS of Human Development and MDGs was launched in February 2011. It enables a better understanding, especially at the community level, of the challenges ahead in terms of fulfilling the MDGs. The ATLAS provides in depth information at the province level, correlations' analysis and defines future demands for basic service needs.

Current discussions are taking place with the government to establish a joint action plan along with the UN agencies for 2012-2015 to produce two MDGRs before 2015, a MAF to push forward the above listed MDGs, a second ATLAS on HD and MDGs and a publication in which the country would propose a post-2015 MDG strategy.

1. Progress UNCTs are making collectively in support of the national partners' endeavours towards capacity development and aid effectiveness:

The UN System in Panama consists of 16 regional agencies, funds and programmes and 12 national offices. As a whole, it is considered to have played a leading role in the areas of advocacy, capacity development, good governance, technical assistance, resource mobilization and emergency assistance. The UNCT strives to ensure system-wide coherence in its activities. While Panama is not a One UN Pilot Country the RC effectively takes a pragmatic approach to ensure system-wide coherence, synergies and coordination and promote UN reform at the country level. At country level, the main cross-cutting theme is the high levels of inequalities that generate important pockets of poverty and inequalities. The challenges of economic growth and competitiveness and environmental sustainability are ongoing concerns.

1. Experiences with joint programmes and HACT, as well as other highlights in coordination:

2011 was an important and active year for joint programmes (JPs) in Panama. As of December 2011, the following six Joint Programs (JPs) were in various stages of implementation: (i) the four MDG Achievement Fund (MDGF) JP on Climate Change, in implementation; (ii) MDGF JP on Economic Governance/Water and Sanitation; (iii) MDGF JP on Conflict Prevention and Peace Building (iv) MDGF JP on Development and Private Sector; (v) JP financed by UN Trust Fund to Eliminate Violence Against Women (F-VAW) (vi) JP UN-REDD. Collectively these JPs involve the active participation of 13 UN Agencies, of which 7 are Non-Resident Agencies – FAO, ILO, PAHO/WHO, UNCTAD, UNDP, UNEP, UNESCO, UNFPA, UNICEF, UNIDO, UNODC, WFP and WTO. They also involved all relevant government entities in addition to NGOs, private sector organizations and local authorities and members of civil society.

Two of the four MDGF JPs underwent mid-term evaluations, and one MDGF JP begun the final evaluation process during the last quarter of 2011. In February 2011, the MDGF visited its four programs in Panama, providing recommendations for improvement in several key areas. One of the primary recommendations for all programs was improvement in monitoring and evaluations processes. In response the RCO, with support from the UNDP Regional Service Center's Monitoring Evaluation Unit and an external consultant specialized in the matter, led a six-month accompaniment with all programs. As a result programs were able to harmonize their monitoring processes according to their specific needs; a results based management perspective was introduced to utilize monitoring as a tool for decision making and increased impact; and in response to a request from the counterparts involved, national capacity in the subject matter was strengthened through a results based management workshop held in August. Additionally, an inter-agency and inter-programmatic M&E Task Force was established as a means of continuing information management and exchange of ideas and lessons learnt.

All JPs are aligned with national development priorities and current UNDAF outcomes. The MDGF JP on environmental sustainability and climate change and the US\$ 4.5 million MDGF JP on economic governance related to provision of safe water and basic sanitation in selected indigenous areas, are aligned with UNDAF outcomes 1 and 2. The UN-REDD joint program, focused on reducing emissions, deforestation and degradation also falls under UNDAF outcome 2. The MDGF JP on conflict prevention and peace building is aligned with UNDAF outcome 3, as is the F-VAW JP aimed at capacity development of government organizations on gender issues and empowering women organizations as a means to reduce domestic and gender violence. The MDGF JP on private sector and development, focused on support to public policies for micro-finance, small and medium entrepreneurship and the fostering of the tourism and agricultural sectors in rural and indigenous areas, is framed under UNDAF outcome 1.

In regards to HIV/Aids, the UNAIDS Joint Programme have achieved significant initiatives encompassed in the four areas of the National Response Strategic Multisectoral Plan (PEM): Institutional Strengthening, Prevention, Integrated Attention and Monitoring & Evaluation. In terms of financial resources, the Joint Team on Aids mobilized or executed in 2011 around USD400,000 of which 47% were destined to prevention actions. In 2011, the biennial UN Joint Program on HIV/AIDS, aligned with the strategic axis of the National Plan of Response, was completed. Evaluation of the Joint Program activities execution and obtained results was conducted, and evaluation results were socialized with the UNCT meeting and presented to national stakeholders during the World AIDS Day commemorative event. A high level of achievement of expected results was evidenced. Nearly \$US 800,000 were executed during the biennium, almost 50% assigned to preventive interventions aimed at MARPs.

Additionally, all JPs are directly linked to the strategic axis established for the next UNDAF period.

Other highlights in coordination:

- In February an UNDP/UNFPA/UNOPS Executive Board mission visited the country and concluded that there is an evident need for the UN to continue its work in the country given the remaining gaps with the government.
- In April, the Executive Director of UN WOMEN Ms. Michelle Bachelet, visited Panama and met with the UNCT to discuss issues pertaining to women's rights and the identification of further actions.
- Also in April, Mr. Joseph Deiss, President of the 65th session of the United Nations General Assembly paid a visit to the country in the realm of the Interparliamentary Union Meeting taking place in Panama.
- Numerous communications and meetings with the Government and civil society organizations took place throughout the year in relation to a variety of Human Rights issues relating to indigenous communities and youth, highlighting the importance of promoting and advocating for the oversight, signature and implementation Human Rights conventions and recommendations.
- In August, UNFPA's Executive Director, Mr. Babatunde Osotimehin made a field visit to Panama to see first hand initiatives undertaken by both the Regional and National UNFPA offices.
- The Government supports a stronger presence of the UN in the country and in the region, in order to foster cooperation between the countries of the region towards the UN, and to find common ground to fight the challenges in most countries in the region.

Key aspects of the proposed 2012 workplan

The 2012 RC System Workplan prioritizes the following key areas:

- Development of a strategic dialogue with counterparts for effective adherence to agency mandates and overall UN objectives in a middle income country.
- Jumpstart of the newly revised and established coordination mechanisms (Thematic Groups, Task Forces, other) to increase efficiency.
- Follow-up and implementation of UNDAF 2012-2015.
- Elaboration of MDGR IV and the formulation of an acceleration programme for continued support to the achievement of the MDGs.
- Development of opportunities and challenges for positioning of UN system in relation to current government agenda.

- Identification of additional joint programming opportunities; implementation and monitoring and evaluation of joint programmes financed by the MDG-F, the F-VAW and UN-REDD.
- Capacity development of UN system staff on the four pillars of programming with concrete deliverables and results, human rights, results based management, gender and environmental sustainability, and indigenous issues.

Recommendations

Despite numerous challenges, the UNCT considers that progress was made on the coordination of the UN System in Panama in 2011 and commends UNDOCO for the speed and quality response received to various requests for information and guidance on specific coordination matters throughout the year.

We would like to take the opportunity to recommend the following:

1. That UNDOCO carries out a thorough comparative analysis of the value-added, results, benefits, costs and lessons learned of coordination and implementation of sensitive reform issues at the country level, and shares its results with the RC System.
2. While challenges and responsibilities grow in magnitude and number for the RC and the UNCT in order to ensure UN cooperation effectiveness and coherence, SRC and UNFCC funds for the RCO in Panama have significantly decreased –perhaps because of the country’s MIC characteristics. Same case applies to funds and resources made available to several Agencies for interagency activities at country level. This situation makes it extremely difficult to count with the necessary resources in the Coordination Unit that may contribute and facilitate the achievement of results. Therefore, it is recommended that UNDOCO gives further consideration to coordination resources made available to the RC, the Coordination Unit and Agencies’s CO.
3. Timely provision of comprehensive feedback on RCAR and workplan, and RC/HR/DO and UNCT performance appraisal, since UNDG/LAC and UNDOCO’s feedback is considered as an essential tool to better align and adjust the UNCT priorities, processes and results at country level.