Independent Evaluation Office
United Nations Development Programme

INDEPENDENT COUNTRY PROGRAMME EVALUATION

PANAMA

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INDEPENDENT COUNTRY PROGRAMME EVALUATION: PANAMA
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CONTENTS

ACKNOWLEDGEMENTS i

ACRONYMS iv

CHAPTER 1. INTRODUCTION, METHODOLOGY AND CONTEXT 3

1.1 Purpose, objective and scope of the evaluation 4

1.2 Evaluation methodology 4

1.3 Evaluation limitations 6

1.4 Country context 6

1.5 UNDP in Panama 8

CHAPTER 2. FINDINGS 10

2.1 Strategic positioning and partnerships 11

2.2 Economic and social development outcome 13

2.3 Participatory governance outcome 18

2.4 Climate change resilience, adaptation and mitigation outcome 22

2.5 Cross-cutting issues 27

CHAPTER 3. CONCLUSIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSE 30

3.1 Conclusions 31

3.2 Recommendations 33

3.3 Key recommendations and management response 35

ANNEXES 42

FIGURES

Figure A: Programmatic Expenditure by Programme Area, 2021–2024 (in US$ million) 1
Figure B: Sources of funding for the country programme 2021–2024 1
Figure 1. Key phases and methodological outline of the ICPE 5
Figure 2. Development gaps between the first and fifth quintiles by income 7
Figure 3. Alignment and overview of UNDP Country Programme outcomes and goals 8
Figure 4. Programme budget and expenditure by year, 2021–2024 9
Figure 5. Programme budget and expenditure by outcome, 2021–2024 9
Figure 6. Efficiency in management, 2021–2024 9
Figure 7. Expenditure by source of fund, 2021–2024 9
Figure 8. Outcome 1: Budget and expenditure by year 14
Figure 9. Outcome 1: Source of expenditure by donor (in US$ million) 14
Figure 10. Outcome 2: Budget and expenditure by year 19
Figure 11. Outcome 2: Source of expenditure by donor (in US$ million) 19
Figure 12. Outcome 3: Budget and expenditure by year 23
Figure 13. Outcome 3: Source of expenditure by donor (in US$ million) 23
Figure 14. Distribution of projects by gender marker across programme outcomes 27
Figure 15. Distribution of expenditure by gender marker (in US$ million) 27

BOXES

Box 1: Evaluation questions 4

ACRONYMS

ACP	Panama Canal Authority
AMPYME	Authority for Micro, Small and Medium Enterprises
CPD	Country Programme Document
DRR	Deputy Resident Representative (UNDP)
ECLAC	Economic Commission for Latin America and the Caribbean
ICPE	Independent Country Programme Evaluation
IDB	Inter-American Development Bank
IEO	Independent Evaluation Office
IFI	International financial institution
INADEH	National Institute of Vocational Training and Training for Human Development
ITSE	Specialized Higher Technical Institute
M&E	Monitoring and evaluation
MEF	Ministry of Economy and Finance
MiAMBIENTE	Ministry of Environment
MICI	Ministry of Trade and Industry
MIDES	Ministry of Social Development
MINGOB	Ministry of Government
MIRE	Ministry of Foreign Affairs
MSMEs	Micro, small and medium-sized enterprises
RR	Resident Representative (UNDP)
SDG	Sustainable Development Goal
UNDP	United Nations Development Programme

Evaluation Brief: Panama

Panama has made notable development gains, yet continues to face persistent challenges. Its service-based economy and the strategic importance of the Panama Canal have enabled it to attain high-income status and the highest Human Development Index in Central America. However, deep inequalities remain in income distribution and access to social services and education, particularly affecting rural and indigenous communities.

In recent years, social unrest has grown, reflecting widespread demands for more inclusive and equitable development. At the same time, Panama's vulnerability to climate events such as droughts has intensified public concern about environmental sustainability. Issues related to natural resource exploitation and climate resilience have increasingly occupied the public agenda.

To address these challenges, the UNDP Country Programme for Panama (2021–2025) was developed in alignment with national priorities and the 2030 Agenda for Sustainable Development. It focused on three strategic areas: promoting social and economic development; strengthening inclusive, effective and transparent governance; and supporting sustainable environmental management, climate change mitigation and adaptation, and resilience.

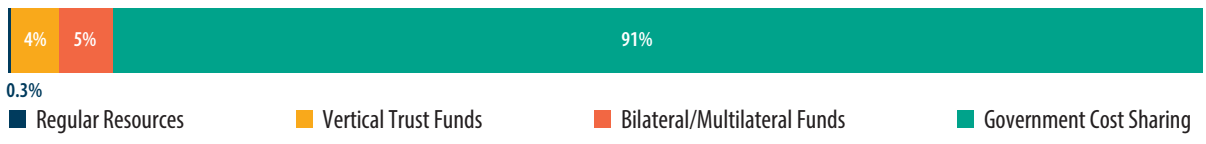
UNDP also promoted the mainstreaming of gender equality—an aspect valued by national partners—and adopted an adaptive management approach in response to the country's evolving needs.

Figure A: Programmatic expenditure by programme area, 2021–2024 (in US$ million)

Source: UNDP IEO

UNDP's position as a trusted partner in supporting the strengthening and modernization of national institutions enabled it to leverage its broad network of partnerships to provide technical and operational support, offer innovative solutions and build national capacities. The programme continued to be financially defined by a significant volume of funding from the Government of Panama.

Figure B: Sources of funding for the country programme, 2021–2024



Source: UNDP IEO

Findings and conclusions

UNDP was recognized for the trust it fostered among public institutions and social actors in Panama, which contributed to the continuity of institutional improvement processes over time. It supported reforms and modernization of public institutions, with particular attention to integrating principles of equality and inclusion across its initiatives. While its knowledge products and convening capacity were positively received, many partners expressed concern about the need to strengthen the effectiveness and efficiency of UNDP's operational performance.

At the programmatic level, UNDP focused on promoting social cohesion and contributed to expanding the evidence base on poverty and inequality. It supported efforts to link training with improved access to the labour market and encouraged citizen participation. In the environmental sphere, it helped strengthen policy frameworks and supported actions related to biodiversity, climate change, integrated water management and the circular economy. Throughout its work, UNDP expanded the integration of gender equality and inclusion, with increased visibility and outreach to Indigenous Peoples and persons with disabilities.

Recommendations

To strengthen UNDP's contribution to Panama's national development priorities, the Independent Country Programme Evaluation (ICPE) offers the following five recommendations:

Recommendation 1: UNDP should leverage its trusted position with national institutions, along with the legitimacy gained through citizen consultation and knowledge products, to support reforms that improve the effectiveness of civil service delivery, reduce inequalities and strengthen social cohesion.

Recommendation 2: UNDP should enhance its catalytic role in advancing integrated environmental outcomes by expanding ecosystem-based water management initiatives. It should proactively engage the private sector and financial institutions to mobilize blended finance and align these efforts with national goals for a green and blue economy.

Recommendation 3: UNDP should prioritize the expansion of national capacities for evidence generation and results monitoring as a cross-cutting objective in its next country programme. In collaboration with government institutions, civil society and academia, it should help strengthen national data systems and institutional monitoring and evaluation frameworks to support more inclusive, evidence-informed decision-making.

Recommendation 4: UNDP should deepen its support for fiscal policies and unpaid care programmes that promote women's economic empowerment, with increased attention to intersectionality. It should also expand institutional engagement with the legislative branch to advance women's political participation.

Recommendation 5: In alignment with headquarters and UNDP's Regional Bureau for Latin America and the Caribbean, and drawing on lessons learned from the current programme cycle, UNDP should take proactive steps to ensure that its operational responsiveness and delivery capacity remain competitive within Panama's development landscape. This includes addressing operational bottlenecks, particularly those related to corporate agreements.

CHAPTER 1

INTRODUCTION, METHODOLOGY AND CONTEXT

1.1 Purpose, objective and scope of the evaluation

Independent Country Programme Evaluations (ICPEs), conducted by the Independent Evaluation Office (IEO), compile and analyse evaluative evidence to assess the contributions of the United Nations Development Programme (UNDP) to national efforts and results. These evaluations are carried out in line with the provisions of the UNDP Evaluation Policy.[1]

The objective of an ICPE is twofold: first, to strengthen UNDP's accountability to national stakeholders and to its Executive Board; and second, to promote evidence-based learning through findings, conclusions and recommendations that inform the design of the next country programme.

The primary audiences for this evaluation are the UNDP Panama country office, the Regional Bureau for Latin America and the Caribbean, the UNDP Executive Board and the Government of Panama. The evaluation is also intended to contribute to broader learning and insight for partners and stakeholders in the public domain.

BOX 1: Evaluation questions

1. To what extent has the UNDP country programme strategically addressed key national development priorities and the needs of its main stakeholders, including those at risk of being left behind?
2. To what extent has UNDP adapted its positioning and programmatic response to shifts in context and other changes in the operating environment, leveraging its comparative strengths?
3. To what extent have UNDP's approaches and interventions been successful in achieving the intended objectives of the country programme and contributing to broader, longer-term national development goals?
4. To what extent have internal and external factors influenced UNDP's ability to deliver its programme efficiently and maximize its contributions?

This is the second country-level evaluation of UNDP's work in the Republic of Panama (hereinafter Panama).[2] It covers activities implemented under the 2021–2025 Country Programme Document (CPD), up to October 2024. The scope includes the entire UNDP programme, regardless of funding sources—including contributions from UNDP, donors and the Government of Panama. The evaluation also considered interventions initiated under the previous programme cycle that continued into the current one.

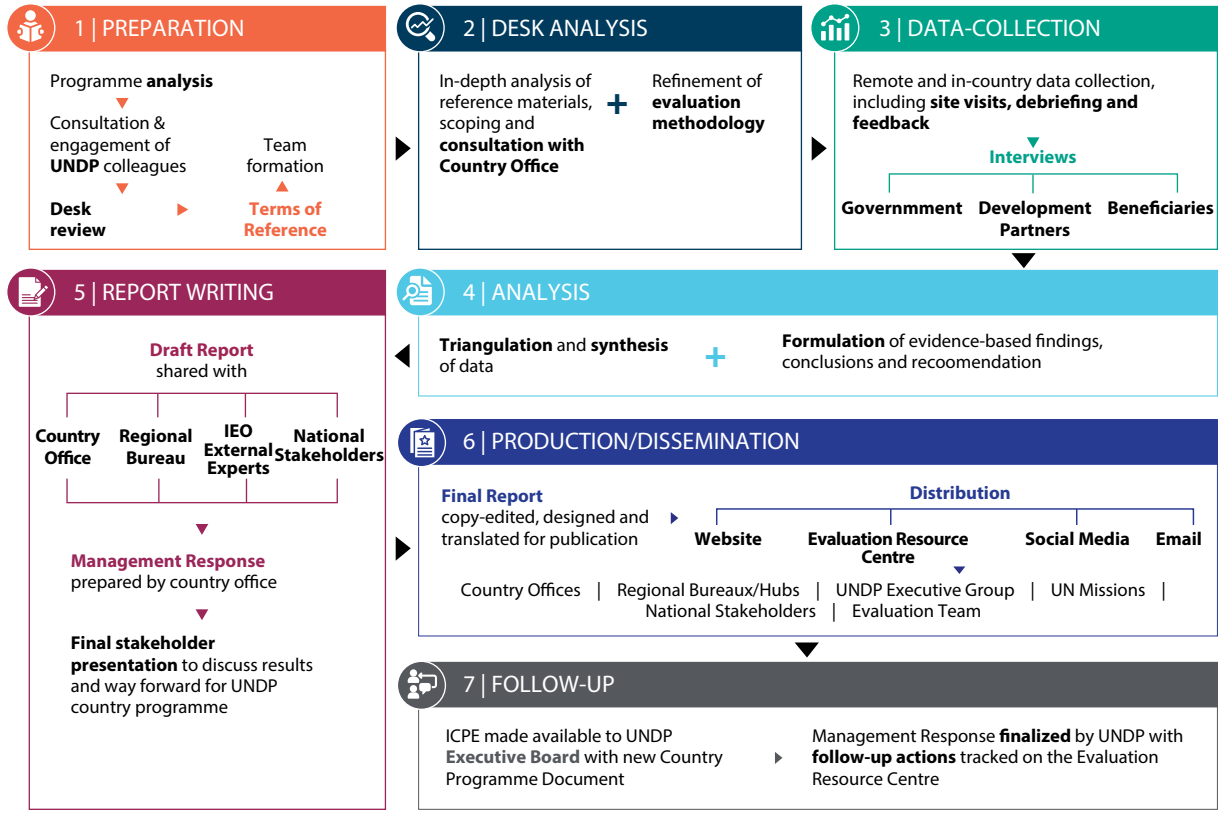
1.2 Evaluation methodology

The ICPE was conducted in accordance with the norms and standards of the United Nations Evaluation Group.[3] It was guided by four overarching evaluation questions (see Box 1) and implemented in sequential phases, as illustrated in Figure 1.

The assessment drew on multiple sources of evidence, including an analysis of country context data, a financial analysis (see Annex 3), a desk review of documentation (see Annex 4) and interviews with stakeholders (see Annex 5). The evaluation covered a total of 69 projects. It also applied a performance rating system based on five internationally recognized evaluation criteria—relevance, coherence, effectiveness, efficiency and sustainability—with results presented in Annex 6.

[1] Available at http://web.undp.org/evaluation/policy.shtml.
[2] UNDP IEO, *Independent Country Programme Evaluation: Panama* (2019). Available at http://web.undp.org/evaluation/evaluations/adr/panama.shtml.
[3] Available at https://www.unevaluation.org/uneg_publications/uneg-norms-and-standards-evaluation-un-system.

FIGURE 1. Key phases and methodological outline of the ICPE



Source: UNDP IEO

The data analysis considered multiple elements, including:

- An in-depth review of secondary sources, such as project documentation, audit reports and decentralized evaluations.[4]
- A preliminary questionnaire completed by the UNDP country office in Panama in September 2024, which compiled results and evidence and was verified during the field mission in October 2024.
- Focus group discussions and semi-structured interviews with 67 key stakeholders—46 of whom were women—including government counterparts, civil society, the private sector and United Nations agencies in Panama.
- Direct observation in Panama City and during a field mission to the Province of Los Santos, which included visits to two municipalities[5] where different projects had been implemented.
- An analysis of the underlying theory of change linking programme outputs and outcomes, the status of programme indicators (see Annex 7), a geographical analysis (see Annex 8) and a financial analysis of programme execution (see Annex 9).
- A study of UNDP's use of gender markers and the extent of gender mainstreaming throughout the programme, supplemented by an analysis using the IEO Gender Results Effectiveness Scale.[6]

[4] Eleven decentralized evaluations were carried out in the reporting period. The quality assessment was as follows: three reports were satisfactory, five were moderately satisfactory, two were moderately unsatisfactory and one had not been rated. The Evaluation Plan of 2021–2025 is available at https://erc.undp.org/evaluation/plans/detail/1542.

[5] Tonosí and Pedasí were visited.

[6] The Gender Results Effectiveness Scale classifies gender results into five categories: gender negative, gender blind, gender targeted, gender responsive and gender transformative.

1.3 Evaluation limitations

This evaluation encountered several challenges, which were addressed through mitigation measures to ensure that the findings, conclusions and recommendations remain credible and impartial.

Limitation	Challenge	Implications/Mitigation measures
Evaluation budget	The composition of the evaluation team and the scope of the data collection mission were constrained by institutional budget limitations.	The evaluation drew on the broad scope of the decentralized evaluation plan to analyse sectoral results. Although there was limited direct interaction with final beneficiaries outside the capital, this was mitigated through telephone and virtual interviews.
Turnover among national counterparts	A significant number of changes in government authorities and officials occurred following the presidential elections in May 2024.	A balanced sample of relevant actors, including both current and former government officials, was identified and consulted to ensure continuity and perspective.

1.4 Country context

Panama's socio-economic development reflected both notable progress and persistent inequality. The World Bank classified Panama as a high-income country since 2018, and it ranked in the 'very high' category of the Human Development Index—the highest in Central America.[7] With a service-based economy, Panama recorded the highest gross domestic product per capita in Latin America and the Caribbean in 2023.[8]

However, these macro-level achievements masked significant disparities in access to social security, health services and income, which further exacerbated territorial, ethnic and gender inequalities. Panama had the highest Gini index in the region.[9] Approximately half of the population was employed in the informal sector—a trend that accelerated following the COVID-19 pandemic.[10] As a result, the percentage of employed persons affiliated with a social security system declined steadily after 2011, with particularly limited coverage among rural women.[11] While multidimensional poverty fell by nearly 4 percent between 2019 and 2023—despite the setbacks caused by the pandemic—poverty rates among indigenous populations in rural areas remained high at 65 percent, more than ten times higher the rate for non-indigenous populations in urban areas.[12]

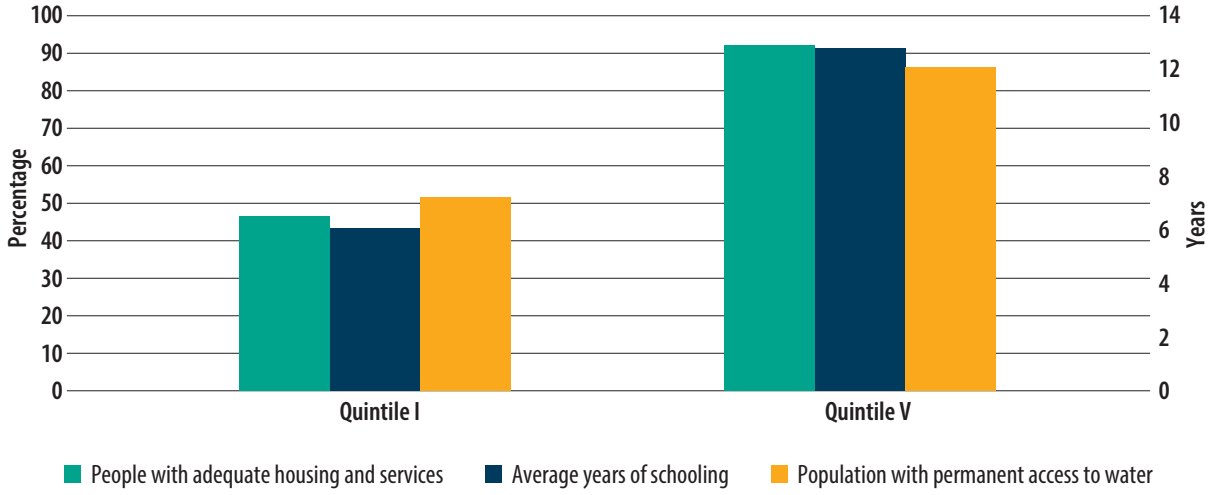
Improving the quality of the public education system remained a critical development challenge. Public schools experienced high failure rates at the primary, lower secondary and upper secondary levels, with indigenous territories facing particularly high dropout rates. On average, the poorest 30 percent of the population had nine fewer years of schooling than the richest 10 percent. International benchmarks of educational performance indicated that Panama lagged behind regional averages in reading, mathematics and science.

7 Human Development Index: 0.82. UNDP, *Human Development Report 2023–24* (2024).
8 Gross domestic product per capita: US$17,358. World Bank, "GDP per capita (current US$)", World Development Indicators database.
9 The higher the Gini index value, the greater the inequality; it was 48.9 in 2023. World Bank, "Gini index", Poverty and Inequality Platform database.
10 International Labour Organization, "Modelled estimates", ILOSTAT database.
11 Economic Commission for Latin America and the Caribbean (ECLAC), "Employed workers affiliated to a social security system", CEPALSTAT database, 2023. Available at https://statistics.cepal.org/portal/cepalstat/dashboard.html?lang=es.
12 ECLAC, "Population living in poverty, by ethno-racial self-identification", CEPALSTAT database, 2023. Available at https://statistics.cepal.org/portal/cepalstat/dashboard.html?lang=es.

Politically, Panama maintained a stable democratic tradition with competitive, free and open elections. However, just over one in ten Panamanians expressed confidence in political parties.[13] The share of the population that believed democracy to be the best form of government declined, and in 2020 stood at only 40 percent—well below the regional average.[14] Although legal frameworks did not restrict the political rights of any segment of society, the participation of women and minorities in national politics remained low. In the 2024 national elections, 15 of 71 elected parliamentarians were women, which was less than a quarter of the National Assembly.[15]

Since the pandemic, social unrest has increased. Citizen discontent over economic inequality, the rising cost of living and the perception of government inefficiency and corruption was expressed in widespread protests. The year 2022 was marked by strikes and demonstrations. The country itself acknowledged ongoing challenges in enacting and enforcing anti-corruption legislation.[16] In 2023, protests against the renewal of the concession for Central America's largest open-pit copper mine—later declared unconstitutional—paralysed the country and its economy. The protests also reflected the growing public concern with environmental issues.

FIGURE 2. Development gaps between the first and fifth quintiles by income



Source: IEO, based on data from UNDP Panama Human Development National Report 2024

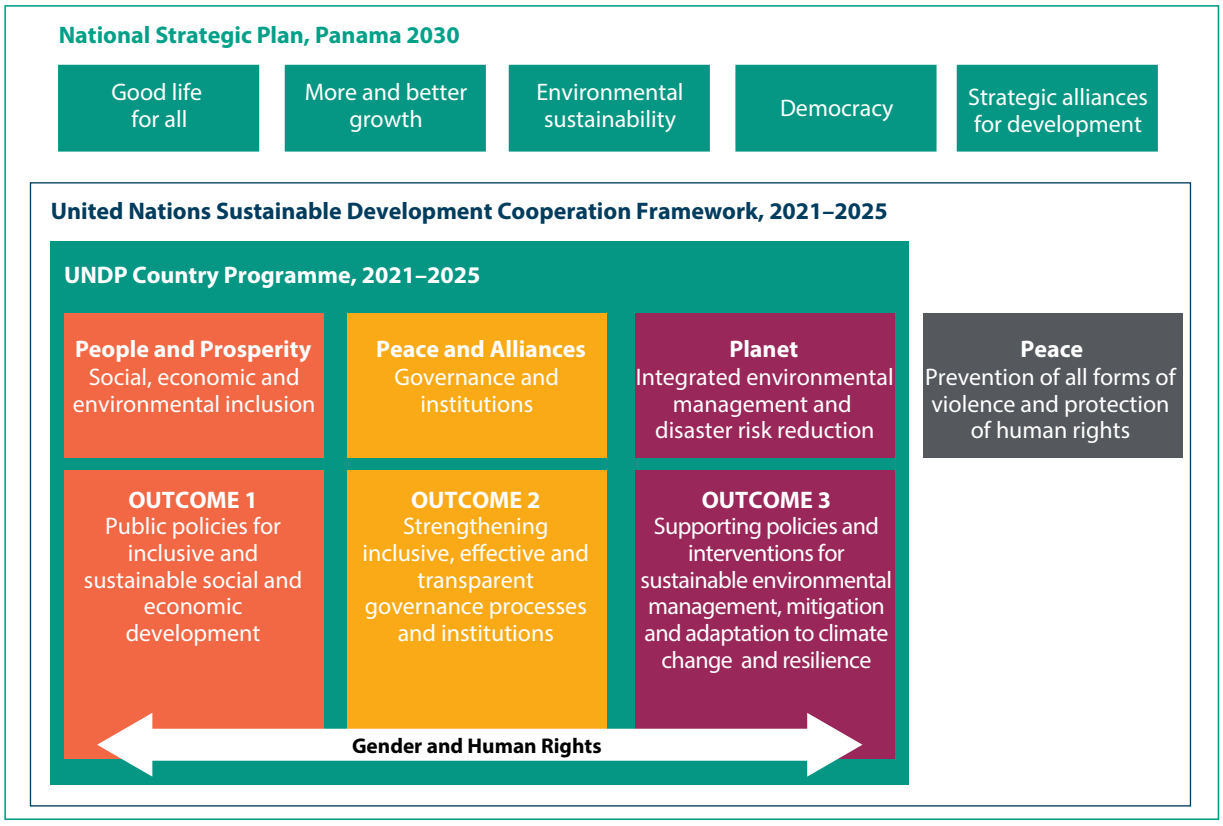
Panama's unique geography and biodiversity presented both opportunities and vulnerabilities. The Panama Canal—a crucial national asset dependent on water cycle management—was significantly affected by the 2023 drought, which led to a reduction in the number of ships transiting the canal. Like the rest of Central America, the country faced recurrent climate-related challenges, including droughts, heavy rains, cyclones and the El Niño-Southern Oscillation phenomenon. It faced a dual threat: environmental degradation from deforestation, and the effects of rising temperatures and extreme hydro-meteorological events. Although more than 12 percent of Panama's territory was placed under environmental protection, the Mesoamerican Biological Corridor was overexploited in recent years.[17]

[13] Latinobarómetro, *Informe 2024: La democracia resiliente* (2024), p. 63.
[14] ECLAC, "Population that believes that democracy is the best form of government", CEPALSTAT database, 2023. Available at https://statistics.cepal.org/portal/cepalstat/dashboard.html?lang=es.
[15] Inter-Parliamentary Union, "Data on women", Parline database, 2024. Available at https://data.ipu.org/parliament/PA/PA-LC01/data-on-women/.
[16] Panama, *Report to the Follow-up Mechanism for the Implementation of the Inter-American Convention against Corruption of the Organization of American States* (September 2022).
[17] UNDP, *Informe Nacional de Desarrollo Humano Panamá 2024: Cuaderno I: Desigualdades y nuevos desafíos.* Available at www.undp.org/es/panama/publicaciones/indh-panama-2024.

1.5 UNDP in Panama

The UNDP Country Programme for Panama (2021–2025) responded to the national priorities outlined in the country's National Strategic Plan, Panama 2030. Aligned with the United Nations Sustainable Development Cooperation Framework 2021–2025, the programme was structured around three outcome areas: 1) promoting social and economic development; 2) strengthening inclusive, effective and transparent governance; and 3) supporting sustainable environmental management, climate change mitigation and adaptation, and resilience. Gender equality and human rights were addressed as cross-cutting priorities, rather than being treated as a separate fourth outcome. See Figure 3 for further details.

FIGURE 3. Alignment and overview of UNDP Country Programme outcomes and goals



Source: UNDP IEO

In designing its programme, UNDP aimed to contribute to inclusive and sustainable economic and social development. It planned to achieve this by boosting economic inclusion and strengthening the social protection system, with a focus on improving access to the labour market and essential social services for women and vulnerable groups. In parallel, UNDP proposed to support more inclusive, effective and transparent governance through capacity development for subnational governments, measures to improve transparency and combat corruption, and the promotion of digital solutions to reduce disparities in access to services. To strengthen resilience to climate change, protect biodiversity and promote integrated environmental management and disaster risk reduction, UNDP planned to integrate climate strategies into policy frameworks, support the fulfilment of international environmental commitments and reduce the country's vulnerability to climate events.

The CPD 2021–2025 results framework was structured around three outcomes and nine outputs. At its inception, the estimated resource mobilization target for the programme amounted to US$141.7 million. By the end of 2024, the mobilized budget reached $222.1 million—far exceeding the initial estimation more than a year in advance. Annual budgets averaged over $55.0 million, with an implementation rate of 70 percent (see Figure 4). The governance outcome mobilized and implemented the largest share of financial resources (see Figure 5), reflecting its emphasis on institutional modernization. UNDP spent $14.40 on programme implementation for every dollar spent on management (see Figure 6). This level of management efficiency was in line with the regional average and contributed to UNDP's reputation among national authorities as a good value-for-money partner. Of the total programme expenditure, 91 percent of the funds came from Panamanian government entities, followed by 4 percent from vertical funds (see Figure 7).

FIGURE 4. Programme budget and expenditure by year, 2021–2024

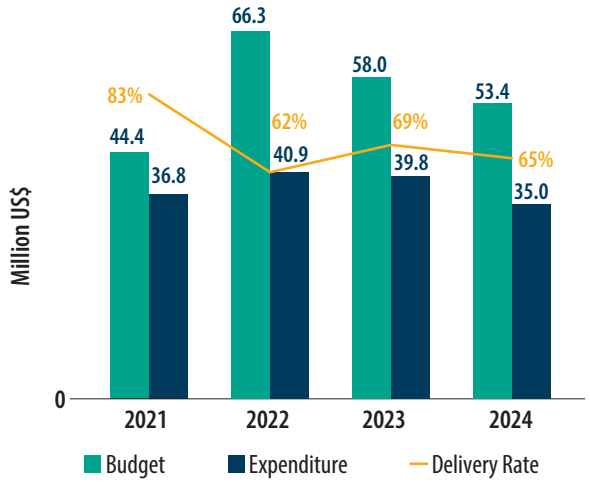


FIGURE 5. Programme budget and expenditure by outcome, 2021–2024

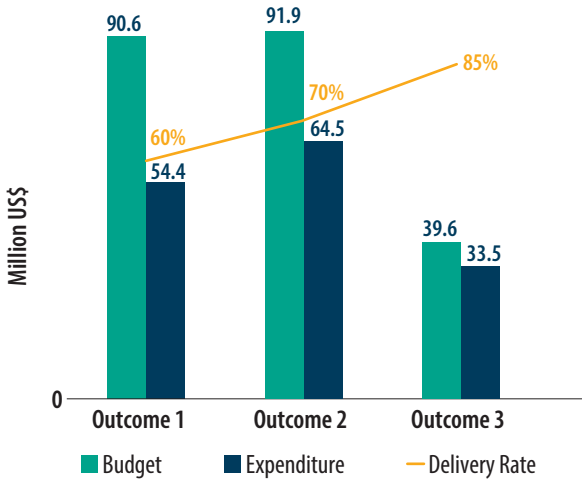


FIGURE 6. Efficiency in management, 2021–2024

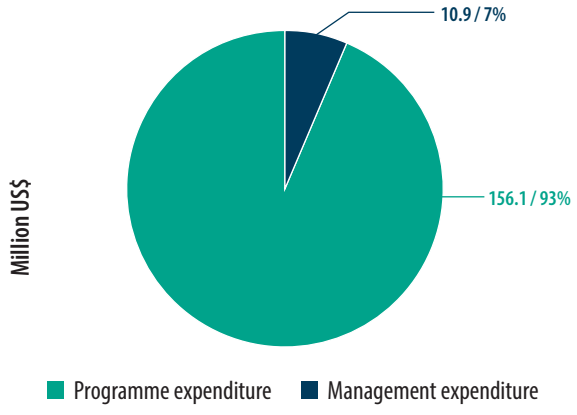
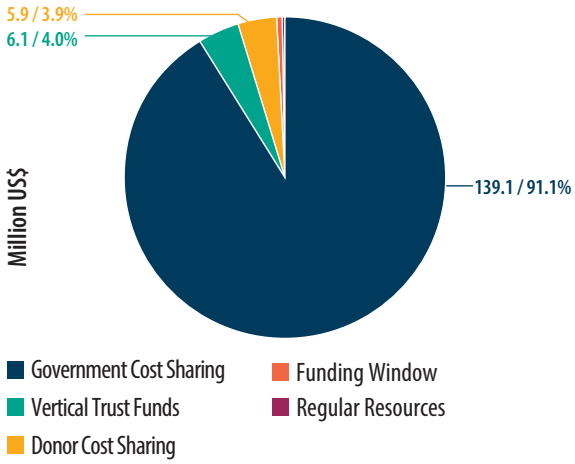


FIGURE 7. Expenditure by source of fund, 2021–2024



Source: UNDP ATLAS & Quantum. Data as of February 2025

CHAPTER 2
FINDINGS

2.1 Strategic positioning and partnerships

Finding 1. Strategic positioning. Over the evaluation period, UNDP strengthened its role as a strategically valuable partner in Panama by providing influential policy advice and technical support to national public policy processes. This positioning facilitated a shift in perception—towards recognizing UNDP as a partner whose strategic value complemented its role in project implementation and contributed to advancing Panama's development.

UNDP maintained a long-standing relationship of support with the country and continued to be widely recognized as a trusted development partner. While some counterparts still perceived UNDP primarily as a 'budget dynamization' agency, most stakeholders interviewed acknowledged its high strategic value in accompanying national development efforts. A paradigmatic and highly relevant example—particularly given its private sector origin—was UNDP's alliance with the Chamber of Commerce, Industries and Agriculture of Panama to support the development of the Country Agenda 2024–2029.[18] This initiative was considered strategic in terms of timing, as it was carried out ahead of the 2024 presidential election, and because of the relevance of its participants, including all presidential candidates. It was also notable for its objective: to generate consensus on critical national development priorities. In addition, with UNDP support, the Chamber launched the 'Panama ¡Cuéntame!'[19] platform, which enables the monitoring of quality-of-life indicators for Panamanian citizens in alignment with the Sustainable Development Goals (SDGs).

UNDP's three Human Development Reports during this programme cycle were widely appreciated by national counterparts, reinforcing its position as a thought leader. Through these reports, UNDP expanded the public availability of evidence on key issues, including the country's inequalities and development challenges,[20] the potential of digital transformation to accelerate human development,[21] and the need to restore trust and strengthen social cohesion to achieve development progress in Panama.[22] UNDP also demonstrated responsiveness by promoting the theme of social cohesion—an issue whose importance increased following widespread unrest in 2022 and 2023. It expanded its knowledge products to improve understanding of this challenge and supported the country in completing the preparation of the Third National Voluntary Report on the SDGs and its statistical annex.[23] This contribution helped reinforce the commitment of national institutions to the SDG agenda.

UNDP was also recognized during the evaluation period for its ability to promote the environmental and climate agenda in Panama. Various actors acknowledged the trust they placed in UNDP and its credibility, which enabled it to support policy change in this area. Paradoxically, this was the area of work with the lowest financial volume; however, it was also the main area in which UNDP succeeded in mobilizing international financial resources to support national plans and policies. This visibility further enhanced UNDP's profile in Panama.

Finding 2. Partnerships. UNDP maintained a diverse set of partnerships, with a predominant focus on collaboration with government institutions. Its key value-added lay in its ability to convene and facilitate dialogue, support the continuity of public programmes and policies, and provide implementation capacity. While national partners appreciated UNDP's implementation support, they also identified certain inefficiencies that affected the timeliness and delivery of services.

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18 Available at www.panacamara.com/agendapais/.
19 Available at www.panacamara.com/panamacuentame/.
20 UNDP, *Informe Nacional de Desarrollo Humano Panamá 2024: Cuaderno I: Desigualdades y nuevos desafíos.*
21 UNDP, *Informe Nacional de Desarrollo Humano Panamá 2024: Cuaderno II: Transformación digital para el desarrollo humano*. Available at www.undp.org/es/panama/publicaciones/transformacion-digital-para-el-desarrollo-humano.
22 UNDP, *Informe Nacional de Desarrollo Humano Panamá 2024: Cuaderno III: Restaurar la confianza para garantizar la cohesión social*. Available at www.undp.org/es/panama/publicaciones/restaurar-la-confianza-para-garantizar-la-cohesion-social.
23 Available at www.gabinetesocial.gob.pa/wp-content/uploads/2023/12/Tercer-Informe-Voluntario-comprimido.pdf.

UNDP Panama implemented its programme in the context of a net contributor country—a status shared only with three other countries in the region. As a result, the organization's core resources accounted for only 0.3 percent of total programme expenditures during the evaluation period. From a quantitative perspective, confidence in UNDP's role was reflected in the engagement of more than 30 national counterparts and the volume of funding they contributed to the programme. With an average annual execution of approximately $38.0 million, the programme significantly exceeded the execution volumes of the previous programme cycle. Qualitatively, the strategic relevance of UNDP's partnerships was evident in its advocacy role in public policy development, particularly through initiatives with the Presidency of the Republic, various ministries and national secretariats. UNDP also engaged with institutions central to Panama's political and economic life, such as the Electoral Tribunal and the Panama Canal Authority (ACP).

One added value highlighted by various institutions was UNDP's ability to ensure continuity in public policies that transcended government administrations. This was demonstrated by the large number of interventions carried over from previous programme cycles—representing two thirds of all projects in the current cycle. This continuity was considered particularly relevant in the context where many stakeholders pointed to volatility and weak institutional memory as a structural weakness in public administration. In addition, UNDP's capacity to convene and coordinate across stakeholders—which was already recognized in the previous ICPE—was further strengthened through the incorporation of new virtual platforms and mechanisms for citizen participation (see Finding 7).

The importance of efficient project implementation was repeatedly emphasized by national counterparts. In this cycle, several partners identified weaknesses in UNDP's implementation performance compared to previous cycles. They noted a loss of competitiveness due to longer turnaround time for certain operational services, such as procurement or recruitment. As explained in more detail in Finding 10, these delays were largely driven by changes in corporate management systems that were beyond the control of the Panama country office. During this cycle, UNDP also expanded its engagement with the international financial institutions (IFIs); however, this collaboration encountered difficulties due to differences in institutional rules and procedures. Shortcomings in corporate-level arrangements hindered the operationalization of at least one project, as outlined in Finding 5.

Within the framework of its work with the United Nations Country Team in Panama, UNDP maintained an active role. It served as lead or co-lead of the working groups on governance, climate and environmental management, and gender. Various stakeholders noted that inter-agency collaboration should move beyond the often burdensome process of joint work formulation and towards a model based on shared strategies across agencies. In this regard, UNDP was recognized for leveraging the development of its knowledge products to promote joint ownership, involving other agencies in shaping recommendations and work plans. UNDP also capitalized on the potential of the United Nations Volunteer Network by engaging 8 international and 15 national volunteers—serving as specialists or experts—to support programme implementation.

2.2 Economic and social development outcome

Direct effect 1 of the United Nations Cooperation Framework: By 2025, Panama favours economic, social and environmentally sustainable and inclusive development. It ensures equitable access to essential quality services, livelihoods and ecosystem services for all people. It promotes inclusion, innovation, competitiveness, industrial development and entrepreneurship, with a territorial, human rights, intercultural, gender and life-course approach—leaving no one behind.

Related outputs:

Output 1.1: Policies and strategic actions supported for the establishment of a social protection system to improve access to decent work and sustainable livelihoods for women and vulnerable groups.

Output 1.2: Local economic development processes promoted and implemented following an approach that fosters social and economic inclusion, innovation, competitiveness, gender equality and environmental sustainability.

Output 1.3: Essential services (education, health, housing, water) are accessible and adaptable to the needs of the population at the subnational level.

UNDP supported national efforts for economic and social development and the improvement of essential public services through the implementation of 19 projects, with a total budget of $90.5 million over the first four years of the programme (see Figure 8 for the breakdown by year). The main source of funding was the Government of Panama, which provided 95 percent of the funds implemented (see Figure 9). Total expenditures implemented during the period amounted to $54.5 million, of which 68 percent was concentrated in two major projects that continued from the previous programme cycle. The average implementation rate was 60 percent; however, the pace of execution varied across partners. Projects implemented with the Ministry of Social Development (MIDES), the Ministry of Women, the National Institute of Vocational Training and Training for Human Development (INADEH), and the Ministry of Economy and Finance (MEF) reflected lower financial execution rates.

Finding 3. Social protection. With UNDP support, the Government of Panama deepened its understanding of poverty and inequality from a multidimensional and decentralized perspective. The implementation of social policies was reinforced through UNDP's technical assistance, digital tools, methodologies and knowledge products, all aimed at improving diagnostics and promoting evidence-based policymaking. Although strengthening social protection systems remained a national priority, progress in moving from diagnostics to sustained action was hindered by the COVID-19 pandemic and the impact of electoral cycles.

FIGURE 8. Outcome 1: Budget and expenditure by year

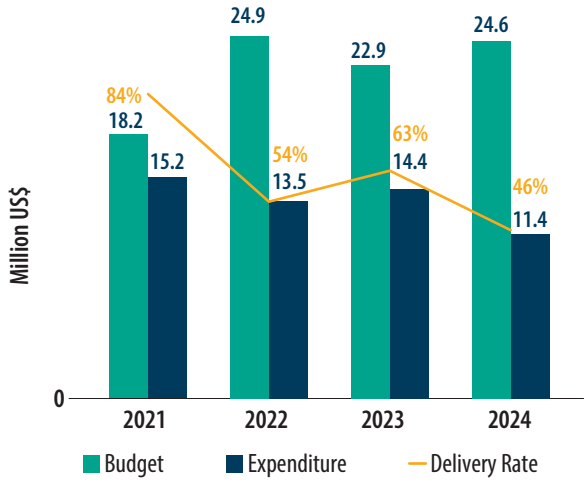
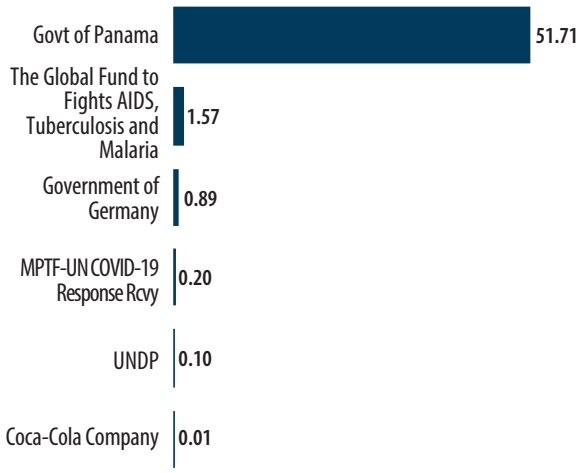


FIGURE 9. Outcome 1: Source of expenditure by donor (in US$ million)



Source: UNDP ATLAS & Quantum. Data as of February

UNDP's continued support to strengthen Panama's social protection systems and contribute to the reduction of poverty and inequality was particularly relevant in the context of socio-economic deterioration following the COVID-19 pandemic. The previous ICPE had already highlighted the relevance of UNDP's approach to inequality, particularly its emphasis on multidimensional and human development frameworks. One persistent challenge addressed—but not resolved—during this cycle was the weak planning and coordination between the multiple institutions responsible for managing social protection policies. Various stakeholders highlighted the low interoperability of systems and the limited exchange of information between institutions. In this context, UNDP's collaboration with the MIDES and the Social Cabinet[24] was considered strategic, with several initiatives reaching the level of the Presidency of the Republic. These included knowledge products such as the Multidimensional Poverty Index at the township level and the potential to use evidence-based targeting to support the government's flagship Plan Colmena—a national strategy to close social and economic gaps.

UNDP further contributed to the development and operationalization of Plan Colmena. Drawing on the findings of the UNDP's 2017 report, Multidimensional Poverty Index of Panama—which identified more than 700,000 people living in multidimensional poverty[25] —UNDP supported the MIDES throughout the different stages of the strategy's evolution. This included developing subnational data, elevating the strategy to the status of national law,[26] initiating its implementation, establishing a geo-referenced monitoring system and conducting an initial impact assessment. Although the delivery of social services was disrupted by the pandemic, which caused delays and constrained public financing, institutional recognition of the value of evidence-based decision-making was well documented. This was reflected, among other aspects, in the rapid use of 2023 Census data to carry out an initial systematization of results and a comparative analysis of multidimensional poverty across townships in four provinces—with UNDP's technical support.[27]

[24] The Social Cabinet is the advisory body for social development and the discussion, formulation, operational coordination and strategic evaluation of the country's social policy, and is chaired by the President of the Republic. For more details, see www.gabinetesocial.gob.pa/conocenos/historia/.

[25] UNDP, MEF, National Institute of Statistics and Census, MIDES and Comptroller General of the Republic of Panama, *Índice de Pobreza Multidimensional de Panamá, Año 2017.* Available at www.undp.org/es/latin-america/publicaciones/indice-de-pobreza-multidimensional-de-panama-ano-2017.

[26] Panama, Law No. 297 of 27 April 2022. Available at www.gacetaoficial.gob.pa/pdfTemp/29526_C/GacetaNo_29526c_20220428.pdf.

[27] In Herrera, Los Santos, Panamá Oeste and Panamá. Comparative analyses of the Multidimensional Poverty Index by township in Colmena territories are available at www.undp.org/es/panama/publicaciones/estrategia-plan-nacional-colmena.

UNDP's methodological support contributed to strengthening the capacity of the MIDES for data generation and the development of knowledge products, although it also revealed weaknesses in the ministry's information systems. In 2023, with UNDP support, the MIDES carried out an evaluation of its conditional cash transfer programmes. The process took longer than expected due to a weak alignment between the indicators available in institutional information systems and the design of the social programmes being implemented. The evaluation allowed for the assessment of various conditional cash transfer schemes and provided inputs for their reformulation. However, this ICPE could not assess the extent to which those inputs were ultimately taken into account or influenced policy changes.

While the policy-level positioning of some initiatives enhanced their sustainability, structural challenges continued to threaten their long-term viability—despite UNDP's efforts to address them. According to multiple interviewees, Panama maintained a range of institutional initiatives with limited coordination and a weak political commitment to sustaining social policies over time. The country still lacked a structured and adequately financed social protection system, as evidenced by the sustainability crisis facing the Social Security Fund at the end of 2024. Although poverty data generation was strengthened by UNDP during this cycle, it continued to face challenges such as poor interoperability between information systems and ongoing budgetary constraints, particularly affecting key institutions like the National Institute of Statistics.

Finding 4. Inclusive economic development. UNDP adopted an integrated approach to inclusive economic development, aligning its support to strengthen social cohesion, promote sustainable livelihoods and improve access to essential services such as education. Its interventions combined upstream policy engagement—most notably through the promotion of results-based budgeting—with downstream initiatives aimed at enhancing vocational training and expanding financial solutions for micro, small and medium-sized enterprises (MSMEs). While the approach demonstrated strong relevance and internal coherence, implementation progressed more slowly than planned.

The relevance and internal coherence of UNDP's efforts to promote inclusive economic development were consistently high. On one level, the programme sought to address structural challenges in the labour market and business sector, such as the quality of vocational training. On another, it enabled cross-cutting initiatives with broader implications for public policy, including support for the MEF to advance results-based budgeting. Programme implementation also generated synergies with other expected outcomes, such as the promotion of sustainable livelihoods and production and consumption models under Outcome 3, and the institutional modernization of entities like the Ministry of Trade and Industry (MICI), which was supported under Outcome 2.

At the policy level, one of UNDP's most potentially transformative contributions was its support to the MEF in initiating a structural transition towards results-based budgeting. This reform was considered highly relevant given the strategic role of public budgets in driving national development priorities. Moreover, the shift responded to a widely acknowledged need to strengthen the country's capacity to implement public policy effectively. With UNDP assistance,[28] 33 government institutions incorporated results-based budgeting annexes into their public budgets.[29] This directly linked institutional mandates for delivering basic goods and services to measurable outcome indicators and the SDGs. UNDP estimated that approximately $3.7 billion in public funds were aligned with the SDGs through this process.

[28] Among other things, UNDP facilitated the partnership with the Institut COMPASS, which enabled 160 civil servants to be certified, including all budget analysts in the country's 97 public institutions. For more details on Institut COMPASS, see https://institutcompass.org/en/.

[29] MEF, *Anexo Presupuesto basado en Resultados (PbR) 2024.* Available at www.mef.gob.pa/wp-content/uploads/2024/06/ANEXO-PbR-2024.pdf.

In direct support of the labour market and business sector, UNDP assisted in the modernization of two key institutions: the INADEH and the Authority for Micro, Small and Medium Enterprises (AMPYME). Skills development and vocational training were highly relevant given the country's high youth unemployment rate. UNDP supported the academic and institutional transformation process of the INADEH to better align with labour market demands. Among the most significant results of this support was the creation of the Data Centre of the INADEH and the digitalization of its enrolment processes. These improvements generated cost savings, reduced procedural bottlenecks and improved the user experience for both students and instructors. The digitization process also identified a backlog of 80,000 student certificates. After the intervention, these became available through an automated digital download system. In addition, UNDP supported the creation of the INADEH Centre for Innovation and Productive Entrepreneurship, providing technical assistance, training and procurement support. Its focus on technology, innovation, digitalization and entrepreneurship—combined with an emphasis on gender equality and women's economic empowerment—was consistent with the support provided to the AMPYME.

In its collaboration with the AMPYME, UNDP contributed to boosting the MSME ecosystem by facilitating access to financial services and improving the institution's interface with entrepreneurs. UNDP supported the development of a digital one-stop shop that streamlined registration processes and access to entrepreneurship programmes and services. UNDP also reported contributions to the gender equality and women's empowerment components of national programmes such as *Banca de Oportunidades, Capital Semilla and FIDEMICRO*. However, among the documents reviewed, the only verifiable evidence found was related to capacity-building for 75 women entrepreneurs. In terms of effectiveness, both the AMPYME and INADEH partnerships experienced challenges in fund execution. In the case of the INADEH, delays stemmed from the need to plan longer implementation timeframes for infrastructure works and the added difficulty of delivering interventions outside of Panama City.

Finding 5. Essential services. In this cycle, UNDP's support to essential services shifted focus from health to education. The shift brought both internal and external coherence—aligning with national priorities and the growing efforts of the IFIs to address one of the structural barriers to Panama's socio-economic development. UNDP contributed to strengthening the education system and its linkages with the productive sector, with an emphasis on inclusion. However, operational difficulties limited the scope of interventions and highlighted the importance of UNDP's agility and adaptability, particularly in collaboration with the IFIs.

UNDP continued to support improvements in the delivery of and access to its essential services in Panama. However, between the previous and current programme cycles, its primary area of contribution shifted from health to education. This transition was largely driven by Panama's graduation to high-income country status in 2018, which led to the loss of eligibility for funding from the Global Fund to Fight AIDS, Tuberculosis and Malaria, where UNDP had previously served as a Principal Recipient. UNDP's focus on education was articulated through a broad vision of the socio-economic development and its connection to the productive system. This shift brought internal coherence by generating programmatic synergies with other objectives, such as inclusive economic development and institutional modernization. Externally, the education focus aligned with development agendas of institutions such as the Inter-American Development Bank (IDB) and the CAF – Development Bank of Latin America and the Caribbean, with UNDP complementing their support through its national implementation capacities.

In synergy with UNDP's broader efforts to promote social cohesion and inclusive socio-economic development, its technical support to the Specialized Higher Technical Institute (ITSE) was particularly noteworthy. The ITSE follows an educational model focused on integrating young people into the labour market and was established in Panama with funding from the CAF. UNDP helped overcome local constraints in recruiting international technical specialists, thereby contributing to curriculum strengthening and the

replication of successful international models of short-cycle, university-level training. In addition, UNDP's procurement support enabled the acquisition of essential inputs for educational activities of the ITSE, with an emphasis on inclusion, innovation and digital transformation. This included, for example, the launch of a School of Digital Innovation.

In its collaboration with the Ministry of Education, UNDP contributed to strengthening the resilience and performance framework of Panama's education system. This support took place within the framework of an IDB loan to improve the efficiency and quality of the education sector. UNDP's contribution was widely acknowledged by stakeholders, particularly in relation to the improvement of public school infrastructure and biosecurity measures—both of which were especially relevant in the context of the COVID-19 pandemic.[30] These outcomes were not initially planned, as the country lacked a census of educational infrastructure, biosanitary deficiencies were not previously documented, and the originally envisioned infrastructure interventions were mostly aesthetic. UNDP's work helped reduce health risks and enabled a safer return to classrooms, notably through the installation of drinking water systems in rural and indigenous schools. In addition, through a United Nations inter-agency mechanism, UNDP partnered with UNESCO to strengthen educational assessment capacities. This collaboration enabled the organization of standardized assessments, providing the country with valuable diagnostics on students' core competencies and learning gaps.[31]

However, the full potential of the tripartite partnership between United Nations agencies and the IDB was not realized. Regulatory and operational challenges between UNDP and the IDB emerged as a significant impediment, and some stakeholders perceived a decline in UNDP's agility and implementation capacity. Project implementation was hampered by the absence of a shared understanding between the organizations' policy and procedural frameworks, particularly on issues such as procurement. Conflicting requirements, including the definition of eligible countries and prohibitions against inappropriate practices, further complicated collaboration. The root causes of these challenges, and their resolution, lay beyond the scope of the UNDP Panama country office, although its efforts to address the situation were acknowledged.[32] The operational limitations ultimately affected the digital transformation component of the project, which advanced only as far as a diagnostic of the Ministry of Education's technological needs.

[30] During 2020 and 2021, given the pandemic context, the IDB issued a waiver, relaxing its procedures and allowing the reallocation of up to 20 percent of all its loans for biosecurity improvements.

[31] International tests such as the Programme for International Student Assessment by the Organisation for Economic Co-operation and Development (conducted in 2022), the Regional Comparative and Explanatory Study by UNESCO, and the national *Creando Capacidades Educativas* test.

[32] It was not until 22 April 2024 that the IDB and UNDP signed, at the level of their highest representatives, a new agreement to harmonize operational and procurement processes for more efficient cooperation. For further details, see www.undp.org/latin-america/press-releases/idb-and-undp-enhance-collaboration.

2.3 Participatory governance outcome

Direct effect 2 of the United Nations Cooperation Framework: By 2025, Panama has participatory governance and inclusive, effective, transparent and fair national and local institutions that serve the people. These institutions are articulated among themselves and work in alliance with non-governmental actors, with a territorial, human rights, intercultural, gender and life-course approach—leaving no one behind.

Related outputs:

Output 2.1: Modernized and strengthened institutions respond to needs of people and territories, and deliver efficient public functions at national and subnational levels.

Output 2.2: Spaces are enabled for citizen participation and engagement in decision-making, as well as in design, implementation and evaluation of public policies and programme—particularly for women and vulnerable groups.

Output 2.3: Capacities of institutions and key actors enhanced to protect human rights and promote social cohesion.

UNDP developed 26 projects under the portfolio for the promotion of participatory governance with effective institutions. This was the largest portfolio in the programme, with a total mobilized budget of $91.9 million and executed expenditure of $64.5 million (see Figure 10 for the annual breakdown), representing an average implementation rate of 70 percent between 2021 and 2024. It also had the highest share of national implementation, accounting for 93 percent of executed expenditure. The remaining 7 percent, directly implemented by UNDP, corresponded to 14 projects—more than half of the portfolio. This reflects the existing imbalance and the difficulty in securing alternative sources of funding beyond government institutions to work on governance issues (see Figure 11).

FIGURE 10. Outcome 2: Budget and expenditure by year

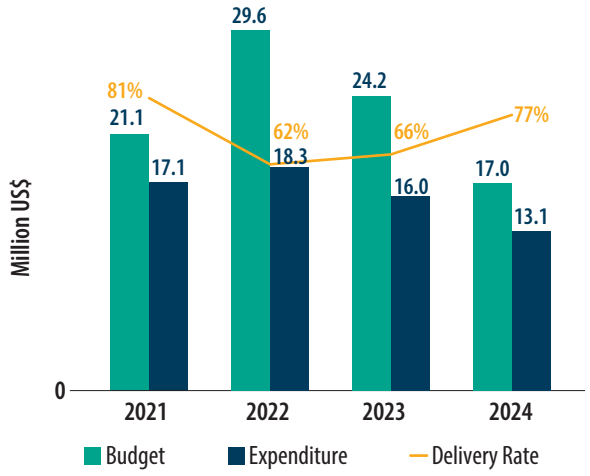
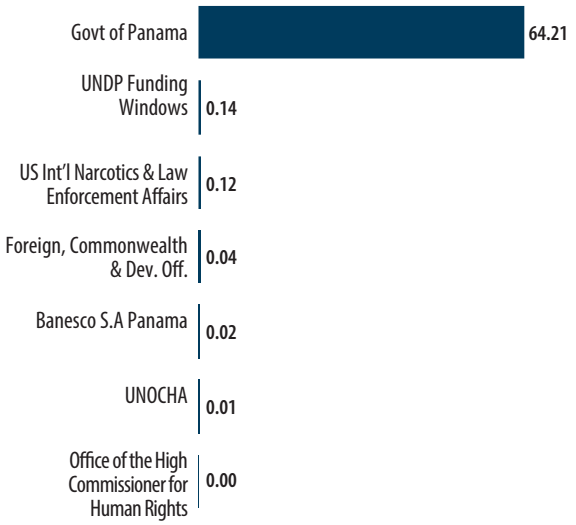


FIGURE 11. Outcome 2: Source of expenditure by donor (in US$ million)



Source: UNDP ATLAS & Quantum. Data as of February 2025

Finding 6. Modernized institutions. UNDP's support for institutional strengthening and modernization—particularly in digital transformation—enabled process optimization, promoted transparency and supported evidence-based decision-making. It also improved access to public services, which was especially relevant in historically disadvantaged indigenous territories.

UNDP continued its institutional strengthening efforts during this cycle, building on a long-standing area of work at the core of previous country programmes in Panama. The previous ICPE recognized this support as contributing to enhanced accountability, transparency and results-based management. Many interventions in the current cycle continued earlier initiatives—both in terms of target institutions, such as the Ministry of Foreign Affairs (MIRE), the Ministry of Government (MINGOB), the MICI and the Colón Free Zone; and in terms of the tools used, such as Systems for Governance.[33] Authorities interviewed for this evaluation confirmed that UNDP support enabled process optimization and automation, improved reliability and transparency, and ensured continuity across government administrations. The portfolio demonstrated a high degree of internal coherence, linking results in this area to other thematic areas—such as socio-economic development and participatory governance—and contributing to the broader social and economic development of the country.

UNDP contributed to the strengthening of key institutions involved in socio-economic development. These included the MICI, responsible for commercial and industrial policy, and PROPANAMA, established in 2021 to promote foreign direct investment and exports. With UNDP support, the MICI adopted several data management platforms, most notably the trade intelligence platform INTELCOM, which provides real-time access to trade information.[34] The relevance and effectiveness of INTELCOM were recognized through its inclusion in the national South-South cooperation catalogue.[35] Digitalization of services—such as industrial property registration, export systems and processes related to Multinational Enterprise Headquarters—helped simplify procedures, reduce waiting times and improve access for citizens and businesses. UNDP also

[33] UNDP Panama reported that 6 institutions adopted the structured regular procedures module, automating more than 40 processes and incorporating 1,400 users. In addition, 10 central-level institutions and 1 local government, with more than 6,000 civil servants, used the document manager, streamlining correspondence and official archives.

[34] For more details on INTELCOM, see https://intelcom.gob.pa/inicio.

[35] This inclusion was a good example of implementing a recommendation from the mid-term evaluation commissioned by UNDP Panama.

supported the MICI with tools to promote investment aligned with the SDGs, such as the Investment Map for the SDGs. In parallel, it implemented programmes to advance gender equality and women's economic empowerment, such as *Mujer Exporta*. These initiatives reached 40 women-led companies and contributed to increased revenues. Separately, UNDP's support to PROPANAMA focused on enhancing its administrative, operational and technical capacities, including in areas such as export promotion and investment analysis.

At the subnational level, UNDP continued its support to the MINGOB in consolidating service delivery to the citizenry in the Governorate of Bocas del Toro and the Ngäbe-Buglé *Comarca*. These predominantly indigenous territories include some of the most remote and impoverished areas. With UNDP support, the construction of the new headquarters of the Governorate in the Ngäbe-Buglé Region was completed, bringing together services such as the post office, the Regional Technical Board and the National Civil Protection System of Panama for the benefit of the region's 213,860 inhabitants. A radio communications system was also installed, enabling communication among the 14 most remote and inaccessible communities.[36] This facilitated evacuations and rescue efforts during medical emergencies and natural disasters. UNDP further contributed by mapping key actors to help channel the demands and needs of different indigenous communities.

Across these initiatives, UNDP identified lessons learned and persistent challenges throughout the programme cycle. The country continues to face barriers to equal access to technology, particularly in rural areas. Concerns remain around cybersecurity, transparency and accountability, and inter-institutional coordination requires further strengthening. Some stakeholders also pointed to missed opportunities between the MIRE and the MICI regarding the role of commercial attachés abroad, and between the MIRE and the MEF in promoting investment attraction.

Finding 7. Citizen participation. Despite the use of inclusive participation processes and digital platforms for civic engagement, UNDP could not overcome persistent citizen distrust in political institutions. Its support for participatory policymaking contributed to the development of the Bicentennial Pact, the National Youth Policy and the Indigenous Women's Empowerment Plan. However, limited government follow-up hindered efforts to build long-term trust.

Panama has a long-standing tradition of dialogue in support of government reform, and UNDP's role in accompanying these processes has remained consistent over the years. The previous ICPE highlighted UNDP's key contribution in facilitating participatory dialogue to foster consensus, institutional structures, public policies and development plans. Several historical initiatives were sustained during the current cycle, including support to the National Council for the Integral Development of Indigenous Peoples[37] and the Indigenous Women's Advisory Committee of Panama. These efforts contributed to the adoption of the country's first Indigenous Women's Empowerment Plan in 2023.

UNDP provided Panama with a grassroots citizen participation methodology and the digital platform AGORA, which enabled broad and innovative participatory processes.[38] In response to the need to build a new social pact and close development gaps following the COVID-19 crisis, UNDP supported the country with both the methodology and digital tools to collect and prioritize citizen input—through Panama PROPOSES and Panama DECIDES, respectively. These processes culminated in the Bicentennial Pact, presented in December 2021. According to UNDP, 212,573 people participated,[39] submitting 186,182 proposals, which

[36] Estimated to cover an indigenous population of more than 33,158 people.
[37] It brought together leaders of the 12 territories and 7 Indigenous Peoples of the country.
[38] Developed by UNDP in partnership with GovRight. For more details, see http://govright.org.
[39] Of which 48.3 percent were women and 51.6 percent were men; 27.8 percent of the total were young people.

were synthesized into 187 national agreements on public policy and institutional strengthening.[40] To support follow-up and implementation, the President of the Republic established a High-Level Commission, composed of representatives from academia, the business community, civil society and the executive branch. UNDP supported the Commission with the 'AGORA – Follow-up of the Bicentennial Pact' platform. However, the initiative did not receive sustained political follow-up. UNDP later adapted and reused the AGORA platform to support the National Youth Policy, enabling the direct participation of young people and highlighting their priorities in areas such as education, sport and the environment.

The experience during this evaluation period again underscored a recurring challenge: while participatory processes successfully mobilized citizens, institutional responses remained limited. The Bicentennial Pact's set of proposals did not receive adequate follow-up or institutional action. Although the evaluation team consulted multiple stakeholders regarding potential reputational risks for UNDP, no concerns were raised. The scale and rigour of the initiative nonetheless allowed other actors, such as the private sector, to draw on its content to strengthen their visions for national development. However, an unintended consequence of such participatory exercises has begun to materialize. The gap between the expectations generated and the limited institutional capacity to deliver results has further eroded citizens' trust in public institutions. Citizen dissatisfaction with political parties and the legislature—already on an upward trajectory since 2009—intensified after 2020. By 2023, Panama recorded the second highest level of public distrust in the region, with 87 percent of the population expressing distrust in political institutions.[41] This growing discontent poses a significant risk to the credibility and sustainability of UNDP's efforts—and those of the broader United Nations system—to promote participatory governance.

Finding 8. Human rights. UNDP faced persistent challenges in mobilizing resources for direct interventions aimed at promoting human rights. Despite this constraint, the continuity of initiatives from the previous cycle contributed to improvement in the quality of life for persons deprived of liberty, expanded access to justice in indigenous communities, supported the right to housing and provided safe spaces to exercise cultural rights.

In this programme cycle, UNDP adopted a strategic approach centred on strengthening and coordinating institutional frameworks and empowering local actors as a pathway to advancing human rights. A key challenge identified was the difficulty in securing funding for interventions that are inherently integrated, community-led and culturally sensitive in design. This constraint was reflected in the limited generation of new projects with a direct focus on human rights. All but one of the projects under CPD Output 2.3 were carried over from the previous cycle. External challenges also hindered progress, including weak coordination among government agencies, fragmented approaches to human rights issues and institutional resistance to change.

Despite these challenges, UNDP contributed to several advances in the human rights domain. It continued to support the MINGOB in the structural modernization of the penitentiary system, contributing to improved habitability and living conditions for persons deprived of liberty. Notable interventions included the provision of drinking water in prisons previously lacking the service, and the installation of lighting systems in prison facilities across four provinces. In support of re-socialization processes, UNDP identified the underutilization of the Granja 2000 rehabilitation centre and provided resources for 20 inmates to learn crop cultivation and irrigation techniques. In the juvenile justice system, at least 64 adolescents in conflict with the law benefited from new equipment provided to the Compliance Centre in Herrera province. UNDP also supported the Higher Institute of the Judiciary of Panama with training activities on judicial procedures,

[40] UNDP, *Resultados del Pacto del Bicentenario: Cerrando Brechas* (2021). Available at www.undp.org/es/panama/publicaciones/resultados-del-pacto-del-bicentenario-cerrando-brechas.

[41] ECLAC, "Population expressing mistrust of political parties and congress", CEPALSTAT database, 2023. Available at https://statistics.cepal.org/.

access to justice and project management. Particular focus was given to the Ngäbe people, including the translation of key legal information into the Ngäbere language for cases that do not require a lawyer, as well as the production of an illustrative guide of instruments relevant to mediation processes. However, one noted gap was the limited promotion of the justice of the peace centres, which remained an area of weak implementation.

In collaboration with the Banco Hipotecario Nacional, UNDP supported the realization of the right to housing and private property. Institutional modernization efforts helped facilitate the recognition of basic rights for more than 3,000 families in Colón, Veraguas, San Miguelito, Panamá Centro, Panamá Este and Panamá Oeste, who received property titles. These processes contributed to the regularization of informal settlements, allowing residents to incorporate their properties into the national registry, thereby gaining legal security, protection and enhanced economic autonomy. It was reported that 60 percent of the beneficiaries were women.

As part of its efforts to promote social cohesion, UNDP continued to support the use of public spaces and community activities to foster interaction, build trust and strengthen a sense of belonging. It extended assistance to the Ministry of Culture and its National Network of Youth and Children's Choirs and Orchestras. According to UNDP, more than 6,900 children, adolescents and youth accessed safe spaces where they could exercise their cultural rights and engage in civic life. At the municipal level, UNDP supported the Casco Antiguo Office in Panama City in organizing 170 social and cultural activities in public spaces. In La Chorrera— the country's fourth most populated municipality—UNDP contributed to the implementation of a Community Development Plan with a gender focus, the Youth Plan, and the systematization of the Local Network against Domestic Violence. Municipalities such as Colón and David also carried out initiatives aimed at promoting peace and citizen security with UNDP support.

2.4 Climate change resilience, adaptation and mitigation outcome

Direct effect 3 of the United Nations Cooperation Framework: By 2025, Panama is resilient and has implemented public policies for climate change adaptation and mitigation, land degradation neutrality, biodiversity protection, integrated environmental management and risk reduction related to disasters and health crises. These efforts are guided by a territorial, intercultural, human rights, gender and life-course approach.

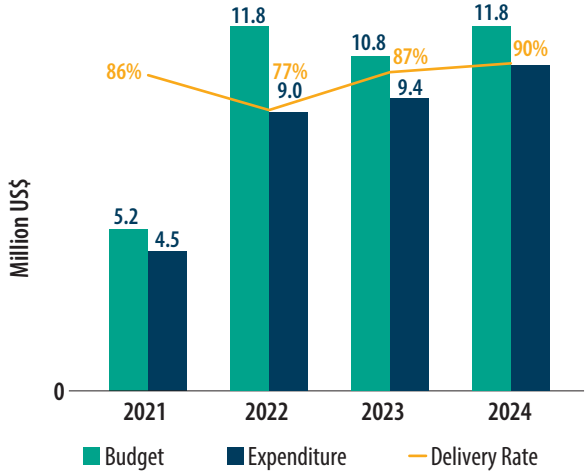
Related outputs:

Output 3.1: Government institutions and municipalities have improved institutional and legal frameworks and capacities to respond to climate change and ensure resilience to environmental vulnerabilities and emergencies.

Output 3.2: Integrated water and coastal management practices include climate resilience and good practices in green supply chains.

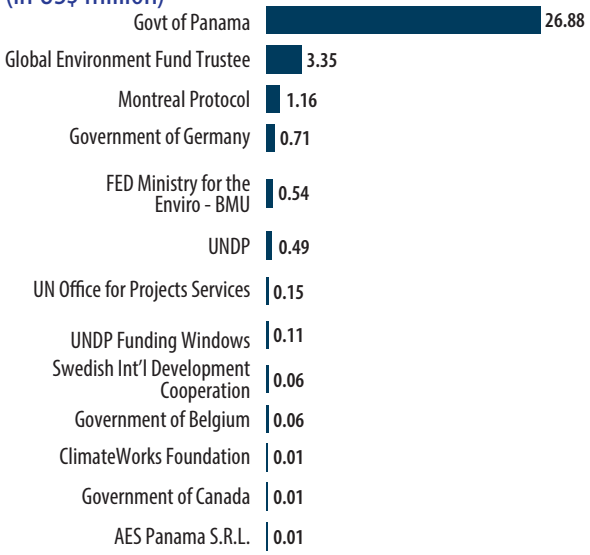
Output 3.3: Improved national capacities for nature-based solutions and climate change adaptation for livelihoods.

FIGURE 12. Outcome 3: Budget and expenditure by year



Source: UNDP ATLAS & Quantum. Data as of February 2025

FIGURE 13. Outcome 3: Source of expenditure by donor (in US$ million)



The resilience, environment and climate portfolio had the lowest financial volume within the UNDP country programme but achieved the highest implementation rate and demonstrated the greatest diversity of funding sources. A total of $39.6 million was mobilized across 24 projects, with an average implementation rate of 85 percent (see Figure 12). The implemented expenditure amounted to $33.5 million, with high efficiency observed over the last three years. Notably, 80 percent of the expenditure was concentrated in three projects. The primary source of funding was the Government of Panama—including contributions from the ACP—followed by various international vertical funds, such as those from the Global Environment Facility and the Montreal Protocol (see Figure 13).

Finding 9. Institutional capacities in the face of climate change. UNDP strengthened institutional frameworks and public policies to address climate change and its impacts in Panama. Its participatory and inclusive approaches were highly valued. It also contributed to advancing sustainable finance, although it faced challenges in progressing the energy transition agenda.

Building on its long-standing engagement with key national authorities on environmental and climate issues, UNDP continued to support Panama in enhancing its climate resilience and institutional response to climate change. It supported the reformulation of the first update of the Nationally Determined Contribution, expanding its scope from 2 to 10 sectors. UNDP facilitated broad-based citizen consultations and adapted the process for virtual participation in response to the COVID-19 pandemic. In 2024, the Ministry of Environment (MiAMBIENTE) submitted the second update of its Nationally Determined Contribution, supported by UNDP through the engagement of over 500 young people, the inclusion of 55 new commitments, and the reaffirmation of Panama's position as a carbon-negative country. In parallel, UNDP supported the country's fulfilment of other international climate commitments, including the submission of the Fourth National Communication and the first Biennial Transparency Report under the Enhanced Transparency Framework of the Paris Agreement. National ownership was evident in the expansion of the climate change division—from 8 to over 60 staff—highlighting institutional strengthening and the assimilation of national technical expertise over time.

UNDP's added value was recognized in its capacity to foster synergies across institutions while integrating inclusion and gender equality perspectives into the climate agenda. With UNDP support and training, the Investment Division of the MEF developed a Climate Change Labelling Manual. During this process, it was identified that many public investment projects lacked indicators for climate change mitigation and adaptation. Following the implementation of the sustainability taxonomies, 23 percent of projects qualified as sustainable in 2023, with the figure increasing to 25 percent in 2024. This progress enabled Panama to negotiate financing lines with the IFIs at more favourable rates. One key finding from the process was the weakness of the monitoring system of the MEF, which needs to be strengthened to qualify for the issuance of sovereign bonds. UNDP also supported the MiAMBIENTE in the participatory development of the National Gender and Climate Change Plan. Among its outcomes was the inclusion of gender and climate indicators in the MEF tools, allowing their future incorporation into loan mechanisms with the IFIs. Furthermore, the integration of biodiversity and climate finance into public budgets—supported by the Biodiversity Finance Policy Review—helped lay the groundwork for mobilizing capital to support sustainable growth.

Local authorities, the private sector and youth demonstrated strong engagement in climate-related issues. UNDP succeeded in engaging these actors in several initiatives, with stakeholders identifying future collaboration—particularly with the private financial sector—as an important area to expand. UNDP supported the pilot phase of the Reduce Your Municipal Footprint initiative of the MiAMBIENTE, through which 17 municipalities strengthened their capacities to assess greenhouse gas emissions, water footprint and climate resilience. Youth participation was further promoted through the Youth and Climate Change Academy, now in its eighth cohort, which trained 100 young leaders in partnership with the MiAMBIENTE under the framework of the Climate Promise. In addition, UNDP supported the Reduce Your Corporate Water Footprint programme, which reached 65 companies and helped strengthen their commitment and strategies to reduce water consumption.

In the area of energy transition, UNDP aimed to establish partnerships to scale up its interventions but was only able to implement a small-scale initiative in the district of Capira. There, it supported the construction of a photovoltaic microgrid, creating a sustainable, gender-focused green business opportunity in the hard-to-reach community of Dos Aguas. In collaboration with the National Energy Secretariat, the IDB and the Spanish Agency for International Development Cooperation, UNDP also initiated the roadmap and diagnosis of the Women and Energy Nexus. However, efforts to promote the '4 Ds'—democratization, decarbonization, decentralization and digitalization—of the energy transition agenda were not successful during this cycle.[42] Among the lessons learned were the importance of strengthening institutional memory to withstand government transitions and the need for an integrated financing framework to drive the country's energy transition agenda.

Finding 10. Integrated water management. The long-standing partnership between UNDP and the ACP strengthened integrated watershed management through an ecosystem-based approach. Progress was made in land registration and titling, environmental governance, the implementation of environmental economic incentives and disaster risk reduction. While the alliance created opportunities and served as a model for replication in other river basins, challenges were noted—particularly regarding delays in UNDP's operational response times due to changes in its corporate management systems.

In 2023, Panama experienced one of the driest years on record, intensified by the El Niño phenomenon.[43] The Panama Canal Watershed, and in particular the Gatún reservoir—which vessel transit through the Canal—was directly affected. This highlighted the relevance of UNDP's nearly two decades of

[42] For more information on the agenda, see https://sdgs.un.org/partnerships/agenda-de-transicion-energetica.
[43] World Weather Attribution, "Low water levels in Panama Canal due to increasing demand exacerbated by El Niño event", 1 May 2024. Available at www.worldweatherattribution.org/low-water-levels-in-panama-canal-due-to-increasing-demand-exacerbated-by-el-nino-event/.

collaboration with the ACP to strengthen the watershed's capacity and socio-environmental development of surrounding communities. The approach aligned with the General Environmental Law, which defines basins as management units and promotes the ecosystem approach as a guiding principle for effective environmental governance.

To support integrated watershed management, UNDP contributed to advancing land registration and titling, environmental economic incentives and local environmental governance. During this cycle, the ACP reported that 56 percent of the watershed had been registered, resulting in the delivery of nearly 11,000 property titles to families residing within the watershed and more than 12,000 to families outside it. Of the total, 45 percent of the titles were issued to women.[44] Titling represents a key milestone, enabling beneficiaries to access other ACP programmes in the short term and contributing to long-term goals such as financial inclusion and improved quality of life. From an environmental perspective, titling is linked to legal conservation instruments such as payment for environmental services. In this cycle, UNDP reported the incorporation of 1,692 new hectares into this scheme, 623 of which were owned by women. The model was further strengthened by improved local environmental governance structures, capable of convening up to three Consultative Council Assemblies per year.

Across these processes, UNDP was recognized not only for its capacity to effectively manage and implement the funds provided by the ACP, but also for its role in supporting innovation and expanding the scope of intervention of the ACP. This was exemplified during the current cycle through initiatives related to food security, agrotourism and agribusiness within the watershed. UNDP facilitated these efforts by hiring technical experts and strengthening the Association of Producers and Artisans of the Panama Canal Watershed and the Peasant Union of Lake Alhajuela. However, national counterparts also noted a decline in the competitiveness of UNDP support. In this cycle, the operational capacity of the country office was weakened, with extended procurement and contracting timelines. These delays were not specific to this workstream and stemmed from factors beyond the control of UNDP Panama. Structural changes at the corporate level—including the global back-office clustering process initiated in 2020 and the roll-out of the new management system, Quantum, in 2023—adversely affected the operational responsiveness of the country office.

UNDP's experience with the ACP also enabled parallel interventions in other watersheds. In Darién, UNDP supported local solutions for water management, forest conservation and community-led green businesses in three watersheds. This included the consolidation of local environmental governance through six watershed committees. In the Sixaola Basin, UNDP carried out a participatory transboundary environmental analysis in collaboration with communities from Costa Rica and Panama, advancing locally driven solutions to shared environmental issues. To promote gender equality and document lessons learned, UNDP also developed a practical guide to promote women's participation in watershed committees.[45]

Finding 11. Biodiversity, sustainable and resilient livelihoods. UNDP contributed to advancing Panama's environmental policy framework in areas such as biodiversity conservation, ocean stewardship and the circular economy, while also promoting nature-based solutions and resilient livelihoods on the ground. However, persistent institutional weaknesses continued to hinder the effective implementation of plans and the long-term sustainability of results.

[44] ACP, "230 familias de la cuenca del Canal de Panamá reciben títulos de propiedad", 14 February 2025. Available at https://pancanal.com/230-familias-de-la-cuenca-del-canal-de-panama-reciben-titulos-de-propiedad/.

[45] UNDP, *Guía para la incorporación del enfoque de género para la promoción de la participación efectiva de las mujeres en los Comités de Cuencas Hidrográficas* (2024). Available at www.undp.org/es/panama/publicaciones/guia-para-la-incorporacion-del-enfoque-de-genero-para-la-promocion-de-la-participacion-efectiva-de-las-mujeres-en-los-comites-de.

With UNDP support, Panama advanced its institutional frameworks and public policies in support of environmental sustainability and biodiversity conservation. UNDP facilitated participatory diagnostics and provided technical assistance to the MiAMBIENTE, contributing to the adoption of the National Environmental Strategy 2021–2031.[46] Emphasising inclusivity, UNDP also supported the country in developing its first National Ocean Policy[47]—a significant milestone for a country with over 2,500 km of coastline. The process enabled Panama to affirm its commitment to ocean protection and meet the global '30x30' climate goal in 2021, nine years ahead of the global target.[48] In line with the Escazú Agreement, UNDP supported development of Panama's first action plan for environmental defenders. The country also made progress in promoting the circular economy, marked by the establishment of the first National Action Platform for Plastics and the launch of a corresponding roadmap.[49] UNDP's Accelerator Lab introduced new approaches for experimentation in environmental sustainability. In partnership with the Municipality of Panama, and working with the San Felipe Neri Market, the Lab implemented the city's first circular economy model for solid waste management—with potential for replication in five other markets.

UNDP also contributed to strengthening institutional capacities, resource mobilization, and the availability of indicators to monitor progress on biodiversity. It supported the Institute for Scientific Research and High Technology Services of Panama by adding 300 hectares of land for scientific studies focused on nature-based solutions. The Inter-Institutional Committee on Environmental Statistics benefited from training on environmental indicators and received support in publishing the Panama Environmental Indicators Report.[50] In terms of resource access, Panama joined UNDP's biodiversity finance programme, BIOFIN, with support in completing the first stage—diagnosing institutional capacities and competencies relevant to biodiversity finance.

Complementing its work on normative and institutional strengthening, UNDP engaged in various initiatives aimed at promoting resilient livelihoods and nature-based solutions at the community level. Through the Small Grants Programme funded by the Global Environment Facility, UNDP worked directly with indigenous *comarcas* in Darién, Chiriquí and Bocas del Toro to promote sustainable agriculture, agroforestry, forest management and sustainable production practices. In southern Azuero—one of the most environmentally degraded regions in the country—UNDP supported interventions in solid waste management, soil rehabilitation, and the restoration and reforestation of degraded lands. These interventions were implemented through a new locally anchored mechanism that engaged community actors and helped build capacities for integrated coastal landscape management and green economy promotion. While beneficiaries expressed appreciation for these initiatives, they also noted the lack of continuity and limited synergies among projects, which weakened the sustainability of results achieved.

Although UNDP's contributions to institutional strengthening and the expansion of the enabling framework were widely acknowledged by various stakeholders, persistent institutional weaknesses in translating plans into implementation were also frequently identified. Key areas of future intervention, as highlighted by UNDP counterparts and partners as priorities for strengthening, included: 1) implementation of existing management plans and the establishment of new protected areas; 2) enhanced governance of funds

[46] UNDP, "Presentan Estrategia Nacional del Ambiente 2021 – 2031", 27 October 2022. Available at www.undp.org/es/panama/comunicados-de-prensa/presentan-estrategia-nacional-del-ambiente-2021-2031.

[47] UNDP, *Política Nacional de Océanos de Panamá* (2022). Available at www.undp.org/es/panama/publicaciones/politica-nacional-de-oceanos.

[48] Kunming-Montreal Global Biodiversity Framework, "Target 3". Available at www.cbd.int/gbf/targets/3.

[49] Initiative within the framework of the Global Platform for Action on Plastics launched by the World Economic Forum. For more details, see www.globalplasticaction.org/home.

[50] MiAMBIENTE, "Indicadores ambientales de Panamá reflejan impactos positivos de acuerdo a estudio presentado por MiAMBIENTE", 28 June 2024. Available at https://miambiente.gob.pa/indicadores-ambientales-de-panama-reflejan-impactos-positivos-de-acuerdo-a-estudio-presentado-por-miambiente/.

from international financing mechanisms; 3) restoration of degraded areas; 4) land-use planning based on climate-change risks; 5) strengthened coordination in waste and water resource management; and 6) promotion of sustainable finance.

2.5 Cross-cutting issues

Finding 12. Gender equality. The UNDP country office strengthened its capacity to mainstream gender equality throughout its programme. The establishment of the Ministry of Women's Affairs marked a milestone in UNDP's institutional accompaniment efforts to advance equality policies. While UNDP made notable contributions to women's economic empowerment and public policy development, structural barriers—particularly in accessing the legislative branch—continued to hinder progress in women's political participation.

UNDP accelerated the mainstreaming of gender equality in its programme, supported by a clearly defined Gender Action Plan and the explicit backing of senior management. Building on the experience of achieving gold-level accreditation under the corporate Gender Equality Seal in 2020, the country office adopted internal mechanisms to strengthen gender integration. A key element of the action plan was the mandatory review of all new project designs—at its draft stage—by the gender equality officer, who was empowered to reject designs and request reformulation where gender integration was insufficient. Management guidance also required that all project designs meet at least GEN 2 classification, meaning gender equality is a significant objective. As a result, GEN 2 projects now dominate both in number (see Figure 14) and implemented expenditure (see Figure 15). Another notable step was the launch of UNDP's gender analysis of public procurement.

FIGURE 14. Distribution of projects by gender marker across programme outcomes

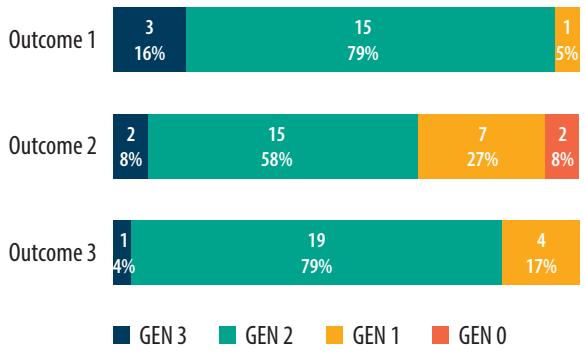
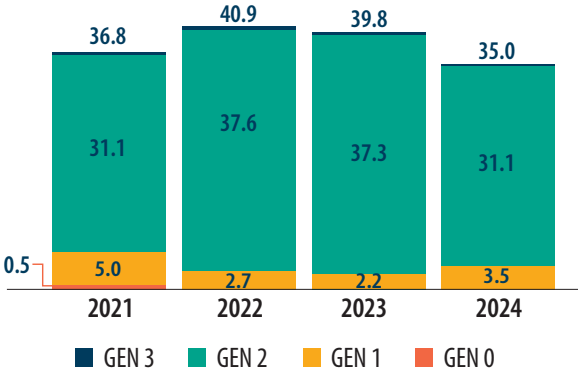


FIGURE 15. Distribution of expenditure by gender marker (in US$ million)



Source: UNDP ATLAS & Quantum. Data as of February 2025

UNDP's internal commitment to gender equality was reflected in the external recognition it achieved for its role in promoting gender-responsive initiatives within the executive branch. A key milestone during this cycle was the establishment of the Ministry of Women in March 2023. At the request of civil society organizations, UNDP and UN Women played an active role in supporting and sustaining the process. A dedicated ministry enabled the development of Panama's first public policy on equal opportunities for women.[51] UNDP supported the inter-agency mechanism that facilitated coordination with other government

[51] Panama, Ministry of Women, *Política Pública de Igualdad de Oportunidades para las Mujeres 2024–2034*, Gaceta Oficial Digital No. 30046-C, 5 June 2024. Available at www.gacetaoficial.gob.pa/pdfTemp/30046_C/105247.pdf.

entities during the policy formulation process. In parallel, UNDP continued promoting the Gender Equality Seals across executive institutions, contributing to tangible institutional changes. Notably, the National Secretariat for Science, Technology and Innovation adopted a national gender policy in science, technology and innovation with a horizon to 2040.[52] This policy holds transformative potential in terms of improving women's access to finance, participation in research and the closing of structural gender gaps.

UNDP also contributed to strengthening the enabling environment for addressing gender-based violence and the persistent underrepresentation of women in politics. Despite progress, Panama remains far from achieving gender parity in elected positions—whether in the legislative branch, as mayors or as local representatives. UNDP supported the Electoral Tribunal in strengthening its methodological capacities to measure the exercise of women's political rights.[53] It also contributed to the implementation of an inter-institutional protocol to prevent and address political violence against women, and supported a new study on digital gender-based political violence.[54] The main barriers identified for advancing women's political participation included provisions in the Electoral Law and the structure of political parties. Although the law allows for primaries, political parties have little incentive to promote female representation. UNDP lacked the entry points and influence needed to engage the legislative branch directly, limiting its ability to support civil society's advocacy for legal reform. However, the upcoming electoral reform presents a new opportunity, especially given growing awareness among the women's secretariats within political parties.

UNDP also engaged actively with the private sector to promote gender equality and women's economic autonomy. Key initiatives included the *Mujer Exporta* programme of the MICI and the SIGénero Panama initiative of the Ministry of Labour and Workforce Development, through which companies underwent accreditation and auditing in gender equality standards. With UNDP support, Panama pioneered the Gender Equality Seal for financial institutions—a certification that was subsequently adopted across Latin America and the Caribbean in 2024 with the support of the CAF.

Finding 13. Leaving no one behind. UNDP extended its support to several population groups at greatest risk of being left behind in development processes. Intersectionality was most evident in initiatives targeting women, Indigenous Peoples and persons with disabilities. Despite the importance of these efforts, the programme did not include migrants or refugees during this cycle.

Building on national momentum for gender equality and women's empowerment, UNDP led initiatives that reflected the United Nations principle of leaving no one behind. It contributed to the development of an inter-agency protocol for supporting women with disabilities who are survivors of violence.[55] In collaboration with the Banco Hipotecario, UNDP supported the regularization of property ownership for women heads of household living in informal settlements. UNDP also partnered with the British Embassy and UN Women to promote the political leadership of Indigenous women in the Guna Yala, Ngäbe Buglé and Darién regions—some of the most remote and hard-to-reach areas in the country. This collaboration led to the creation of the Leadership School for Indigenous Women for Sustainable Development, as well as the publication of a multilingual brochure on Indigenous Women's Political Rights in the Emberá, Guna, Ngäbere and Spanish.

[52] Panama, National Secretariat for Science, Technology and Innovation, *Política Nacional de Igualdad de Género en Ciencia, Tecnología e Innovación de la República de Panamá al 2040: Plan de Acción 2023–2025* (2023). Available at www.senacyt.gob.pa/wp-content/uploads/2021/06/PGCTI_20230703.pdf.

[53] Atenea, *Mujeres panameñas en la ruta hacia la paridad política* (2021). Available at https://ateneaesparidad.com/publicaciones/mujeres-panamenas-en-la-ruta-hacia-la-paridad-politica/.

[54] UNDP, Universidad Católica Santa María La Antigua, Electoral Tribunal and Ministry of Women, *Informe de Política 1: Análisis de la toxicidad en redes sociales durante las elecciones de Panamá 2024*. Available at www.undp.org/sites/g/files/zskgke326/files/2024-08/undp-panama-estudio.pdf.

[55] Ministry of Women (Panama) and UNDP, *Protocolo interinstitucional para la atención de mujeres con discapacidad sobrevivientes de violencias* (2024). Available at www.undp.org/sites/g/files/zskgke326/files/2024-08/undp-panama-violencia.pdf.

UNDP contributed to strengthening the inclusion framework for youth and persons with disabilities. It provided technical assistance to the MIDES throughout the development of the Youth Public Policy 2022–2027.[56] The policy design process was inclusive, ensuring the participation of Indigenous youth, Afro-descendants, youth with disabilities and LGBTIQ+ populations. With funding from the Global Fund for Disability, UNDP conducted a comprehensive analysis of the socio-economic situation of persons with disabilities. It also collaborated with the International Labour Organization, UN Women and the Pan American Health Organization to design a project focused on the social and labour inclusion of persons with disabilities—particularly youth. In the environmental space, UNDP, together with UNICEF and the MiAMBIENTE, facilitated the participation of Indigenous youth and youth with disabilities in the formulation of the Manifesto of Adolescents and Youth for the Nationally Determined Contributions. While important inclusion work was achieved in several areas, a missed opportunity was noted at the intersection of environmental action, economic development and support to migrants and refugees. Despite growing humanitarian needs in the province, no concrete initiatives were undertaken to strengthen the humanitarian-development nexus. Multiple stakeholders acknowledged the challenges of operating in the context of the migration crisis in Darién—an issue largely led by other United Nations agencies such as the International Organization for Migration and the Office of the United Nations High Commissioner for Refugees—but also highlighted the urgent need for an ambitious development strategy for the province, one to which UNDP could meaningfully contribute.

[56] Available at www.undp.org/es/panama/publicaciones/politica-publica-de-juventud-2022-2027.

CHAPTER 3

CONCLUSIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSE

3.1 Conclusions

Conclusion 1: UNDP remained a strategic and trusted partner for the Government of Panama, ensuring the continuity of institutional improvement processes after electoral cycles. It contributed to the country's development by supporting public reforms and modernization, strengthening institutional capacities and integrating the principles of equality and inclusion in its initiatives. While knowledge products and convening capacity strengthened its positioning, concerns over operational performance affected it.

UNDP continued to enhance the capabilities of government entities. Despite high institutional turnover after elections, it ensured continuity for initiatives beyond electoral cycles, such as the modernization of the MICI and support to the MINGOB, the National Secretariat for Science, Technology and Innovation, and the INADEH. Notable progress was made with the MEF in promoting results-based budgets. By promoting the digitalization of public processes and services, UNDP advanced the modernization efforts of different entities. In addition, it promoted enabling environments both for national compliance with international conventions and commitments—such as those related to the environment and climate—and for enhancing the impact and integration of the United Nation's principles of equality and inclusion in public policies.

UNDP remained well-positioned in Panama. Its political neutrality, ability to generate knowledge and understanding of the country made it a significant player in facilitating dialogue. Additionally, its role in supporting the management and implementation of projects, programmes and public policies was crucial. Given Panama's status as a net contributor country and the confidence placed by public institutions through the allocation of their resources for joint implementation with UNDP, efficiency was crucial for national stakeholders. Changes in UNDP's global management models and tools were seen by partners as diminishing its operational effectiveness and efficiency compared to other service providers. Furthermore, weak articulation of collaboration with third parties, such as the IFIs, posed implementation challenges and risks for the country office.

Conclusion 2: UNDP identified enhancing social cohesion as a key development strategy, reinforcing the relevance and the coherence of the public policies it supported. The approach provided insights into poverty and inequality, improved access to the labour market and increased citizen engagement. Structural gaps in social protection persisted, alongside the need to improve institutional responsiveness following citizen participation processes.

UNDP identified the lack of shared prosperity as a key challenge for Panama's post-COVID-19 development. Recent crises underscored how social fragmentation hindered progress, and increased citizen demands brought this issue into sharper focus. UNDP's renewed focus on social cohesion strengthened programme coherence and facilitated synergies between initiatives. Accompanying the MIDES, it enabled the development of the Multidimensional Poverty Index at the township level and the evidence-based targeting of the Colmena Plan. With UNDP support, the country improved vocational training to better connect with the labour market and promoted employability and entrepreneurship through partnerships with the INADEH, the ITSE and the AMPYME. However, building a stronger social protection system to reduce inequalities remains a challenge.

UNDP expanded opportunities for citizens to participate in public policymaking. Leveraging trust from institutional strengthening, its convening capacity and new digital technologies, it promoted participatory processes for diagnosing and designing policies, such as the National Environmental Strategy and the National Oceans Policy. The most significant exercise was the formulation of the Bicentennial Pact through the AGORA platform. Lessons from these processes highlighted the importance of managing expectations in light of institutional challenges in translating policies into actions, the need to strengthen civil society's role in governance and the potential effectiveness of such processes at the local level.

Conclusion 3: UNDP leveraged its positioning and resource mobilization capacity, as well as public demand for a greener and bluer country, to advance Panama's environmental policy agenda. It strengthened environmental frameworks and promoted biodiversity, climate action, integrated water management and the circular economy. However, the scale of the interventions and their capacity to generate changes in landscapes and territories remained limited compared to the normative advances achieved.

UNDP supported Panama in updating regulatory frameworks and complying with international environmental and climate agreements. It continued to facilitate the mobilization of resources from environmental vertical funds, enabling UNDP to remain well-positioned to support the MiAMBIENTE and to connect the ministry with citizens' demands for a more sustainable country. Integrated water management gained particular relevance in a national context where history, economy and environmental and cultural wealth are closely linked to the central role of water, as exemplified by the Panama Canal. UNDP maintained its long-standing support to the ACP, which has enhanced the integrated management of the Panama Canal Watershed with an ecosystem approach. Pilot initiatives in circular economy, sustainable livelihoods and nature-based solutions emphasized innovation. Key actors agreed on the importance of the environment and climate for the country. They also recognized the need to strengthen policy implementation and resource provision, and to achieve tangible environmental impacts for citizens. The geographical scale and depth of interventions, however, remained limited relative to the scope of environmental challenges and policy ambitions. Progress was more visible in normative and planning frameworks than in concrete, large-scale results on the ground.

Conclusion 4: UNDP expanded the integration of gender equality and inclusion across its programme, with increased visibility and outreach to Indigenous Peoples and persons with disabilities. Opportunities for potentially more transformative outcomes were identified in promoting policy and regulatory changes for women's economic and political empowerment.

UNDP mainstreamed gender considerations into its programme, driven largely by the ambition of its Gender Action Plan and the commitment of the management team to implement it. It advanced women's economic autonomy through initiatives such as *Mujer Exporta*. It also integrated gender perspectives into institutional reforms and promoted the gender seal with public entities and private sector financial institutions. Building on these efforts, UNDP emphasized the intersections between women, rural populations, Indigenous Peoples and persons with disabilities. However, this was largely addressed on an *ad hoc* basis at the project level rather than through broader initiatives such as fiscal or care policies.

Civil society acknowledged UNDP's support in achieving the establishment of a Ministry for Women for the first time. Recognition was also given to its role in promoting women's political participation and advancing measures to prevent political violence against women, including by strengthening the Electoral Tribunal. Despite these gains, engagement with legislative actors remained limited, constraining the potential for more systemic policy and legal reforms in support of rights-based development.

3.2 Recommendations

Recommendation 1: UNDP should leverage its trusted position with national institutions, along with the legitimacy gained through citizen consultation and knowledge products, to support reforms that improve the effectiveness of civil service delivery, reduce inequalities and strengthen social cohesion.

Building on its established partnerships, UNDP should prioritize efforts to enhance the effectiveness of civil service delivery. This will be particularly relevant in underserved territories and among marginalized populations to help rebuild public trust and address structural disparities. UNDP should update its digital services and solutions, including shaping and harnessing the transformative potential of artificial intelligence, to further support institutional modernization.

As part of this support, UNDP should assist the Government of Panama in advancing results-based management and budgeting frameworks and in institutionalizing reforms that improve the reach and resilience of the social protection system. It should encourage improved systems interoperability and information-sharing among institutions. Given the context of economic volatility and international instability, these efforts should be informed by nationally grounded evidence generated through participatory processes and aligned with Panama's development goals.

Recommendation 2: UNDP should enhance its catalytic role in advancing integrated environmental outcomes by expanding ecosystem-based water management initiatives. It should proactively engage the private sector and financial institutions to mobilize blended finance and align these efforts with national goals for a green and blue economy.

In the Panama Canal Watershed, UNDP should continue supporting the ACP to strengthen the ecosystem approach and improve it by testing and scaling up innovations. Beyond the watershed, it should expand integrated watershed management initiatives using this approach, promoted alongside more participatory and effective environmental governance schemes and more robust land-use planning that accounts for climate change. Building on its long-standing partnership with the ACP, UNDP can replicate successful approaches to watershed governance that promote biodiversity conservation, sustainable land use and climate resilience. To support this expansion, it should proactively engage the private sector and financial institutions to mobilize blended finance—linking national actors with vertical environmental funds such as the Global Environment Facility and the Green Climate Fund. Strengthening cooperation with the MEF and the Superintendency of Banks can further accelerate the adoption of sustainable finance instruments, including taxonomies and green bonds. By aligning these efforts with national goals for a green and blue economy, UNDP can also add value in promoting sustainable tourism, circular economy initiatives and improved waste management—areas with high potential for environmental and economic co-benefits.

Recommendation 3: UNDP should prioritize the expansion of national capacities for evidence generation and results monitoring as a cross-cutting objective in its next country programme. In collaboration with government institutions, civil society and academia, it should help strengthen national data systems and institutional monitoring and evaluation frameworks to support more inclusive, evidence-informed decision-making.

There is significant interest in strengthening systems to measure and demonstrate the outcomes of public policies and programmes. This includes supporting institutional reforms to improve the quality, disaggregation and interoperability of data, as well as investing in the capacity of civil society organizations and universities to contribute to the monitoring and quality assurance of public policies. UNDP can add

further value by supporting the modernization of curricula and developing expertise in areas linked to its programme, such as sustainable finance and climate change economics—fields where stronger national capacity is needed to sustain long-term development gains.

Recommendation 4: UNDP should deepen its support for fiscal policies and unpaid care programmes that promote women's economic empowerment, with increased attention to intersectionality. It should also expand its institutional engagement with the legislative branch to advance women's political participation.

UNDP should expand its focus on intersecting forms of exclusion—particularly affecting Indigenous women, migrants, persons with disabilities and rural populations—by leveraging entry points across its work in environment, economic development and humanitarian response. This is especially relevant in areas such as Darién or the indigenous *comarcas*, where multiple vulnerabilities converge. To enhance its catalytic impact, UNDP should promote fiscal and care policies with a stronger gender equality perspective and continue to mainstream gender equality across all programme areas. It should also elevate its role as a communicator for development by placing the voices and lived experiences of marginalized groups at the centre of its knowledge products and advocacy efforts. In its promotion of women's rights and political participation, it should expand support and increase engagement and advocacy with the legislative branch of government and with civil society organizations working on this issue.

Recommendation 5: In alignment with headquarters and UNDP's Regional Bureau for Latin America and the Caribbean, and drawing on the lessons learned from the current programme cycle, UNDP should take proactive steps to ensure that its operational responsiveness and delivery capacity remain competitive within Panama's development landscape. This includes addressing operational bottlenecks, particularly those related to corporate agreements.

UNDP should maintain its relevance by addressing operational matters proactively. It should manage expectations and rigorously monitor delivery and response times to uphold its competitive edge and efficiency. In light of recent challenges with the implementation of global corporate agreements, particularly with the IFIs, UNDP Panama should engage with headquarters to clarify roles, responsibilities and procedures. This will help safeguard the effectiveness of joint projects and ensure that operational limitations do not undermine UNDP's credibility or role as a partner of choice. Panama's experience could also serve as a reference for other countries in the region and beyond.

3.3 Key recommendations and management response

RECOMMENDATION 1.

UNDP should leverage its trusted position with national institutions, along with the legitimacy gained through citizen consultation and knowledge products, to support reforms that improve the effectiveness of civil service delivery, reduce inequalities and strengthen social cohesion.

Building on its established partnerships, UNDP should prioritize efforts to enhance the effectiveness of civil service delivery. This will be particularly relevant in underserved territories and among marginalized populations to help rebuild public trust and address structural disparities. UNDP should update its digital services and solutions, including shaping and harnessing the transformative potential of artificial intelligence, to further support institutional modernization.

As part of this support, UNDP should assist the Government of Panama in advancing results-based management and budgeting frameworks and in institutionalizing reforms that improve the reach and resilience of the social protection system. It should encourage improved systems interoperability and information-sharing among institutions. Given the context of economic volatility and international instability, these efforts should be informed by nationally grounded evidence generated through participatory processes and aligned with Panama's development goals.

Management response: Fully Accepted

Key action(s)	Time frame	Responsible unit(s)	Tracking*	
			Comments	Status
1.1 Contribute to institutional and operational modernization with the objective of improving the effectiveness of the civil service, including related training and online courses, in order to reduce inequalities and strengthen social cohesion.	December 2028	DRR, Programme Analysts		Started
1.2 Coordinate on an ongoing basis with the Government Innovation Authority (GIA) on actions that support the Digital Agenda and strategic drivers, such as people-based digital transformation, digital government, open data, interoperability in systems, and innovation and connectivity.	December 2028	DRR, Programme Analysts		Started
1.3 Continue technical assistance to the Results-Based Budgeting (RBB) project and Institutional Strengthening for Public Policy of the Ministry of Economy and Finance.	December 2026	DRR, Programme Analysts		Started

1.4 Work hand in hand with the Ministry of Social Development on the issue of social protection, with a focus on poverty in territories, starting with the application of the Multidimensional Poverty Index (MPI) in indigenous territories.	December 2026	DRR, Programme Analysts		Started

RECOMMENDATION 2.

UNDP should enhance its catalytic role in advancing integrated environmental outcomes by expanding ecosystem-based water management initiatives. It should proactively engage the private sector and financial institutions to mobilize blended finance and align these efforts with national goals for a green and blue economy.

In the Panama Canal Watershed, UNDP should continue supporting the ACP to strengthen the ecosystem approach and improve it by testing and scaling up innovations. Beyond the watershed, it should expand integrated watershed management initiatives using this approach, promoted alongside more participatory and effective environmental governance schemes and more robust land-use planning that accounts for climate change. Building on its long-standing partnership with the ACP, UNDP can replicate successful approaches to watershed governance that promote biodiversity conservation, sustainable land use and climate resilience. To support this expansion, it should proactively engage the private sector and financial institutions to mobilize blended finance—linking national actors with vertical environmental funds such as the Global Environment Facility and the Green Climate Fund. Strengthening cooperation with the MEF and the Superintendency of Banks can further accelerate the adoption of sustainable finance instruments, including taxonomies and green bonds. By aligning these efforts with national goals for a green and blue economy, UNDP can also add value in promoting sustainable tourism, circular economy initiatives and improved waste management—areas with high potential for environmental and economic co-benefits.

Management response: Fully Accepted

Key action(s)	Time frame	Responsible unit(s)	Tracking*	
			Comments	Status
2.1 Continue with the technical and administrative assistance in the Integrated Management of the Panama Canal Watershed, strengthening the ecosystem approach, inter-institutional coordination, and replicating environmental and participatory governance for territorial planning. Design the new project for the Río Indio watershed.	December 2026	DRR, Programme Analysts, M&E		Started

Recommendation 2 (cont'd)

2.2 Respond affirmatively to the Ministry of Environment's request of 3 July 2025 for UNDP to act as an Accredited Entity to the Green Climate Fund for the submission of a funding proposal under the new REDD+ Payment for Results policy.	March 2026	DRR, Programme Analysts, M&E		Started
2.3 Work hand in hand with the national Government of Panama to achieve inclusive, low-carbon and climate-resilient economic growth, while safeguarding natural capital and reducing vulnerabilities. Promote an inclusive economic model and wealth distribution; sustainable production and consumption practices and new technologies in harmony with the environment; as well as the conservation and restoration of ecosystems and the sustainable use of the country's biodiversity.	December 2027	DRR, Programme Analysts		Started

RECOMMENDATION 3.

UNDP should prioritize the expansion of national capacities for evidence generation and results monitoring as a cross-cutting objective in its next country programme. In collaboration with government institutions, civil society and academia, it should help strengthen national data systems and institutional monitoring and evaluation frameworks to support more inclusive, evidence-informed decision-making.

There is significant interest in strengthening systems to measure and demonstrate the outcomes of public policies and programmes. This includes supporting institutional reforms to improve the quality, disaggregation and interoperability of data, as well as investing in the capacity of civil society organizations and universities to contribute to the monitoring and quality assurance of public policies. UNDP can add further value by supporting the modernization of curricula and developing expertise in areas linked to its programme, such as sustainable finance and climate change economics—fields where stronger national capacity is needed to sustain long-term development gains.

Management response: Fully Accepted

◀ Recommendation 3 (cont'd)

Key action(s)	Time frame	Responsible unit(s)	Tracking*	
			Comments	Status
3.1 Contribute in its next programme to the development of strong, transparent and people-centred institutions. This includes accompanying the government in its efforts to modernize institutional frameworks, improve public sector efficiency and expand the use of data and digital tools to strengthen planning, service delivery and policy implementation. These efforts will be evidence-based and will focus on enabling public institutions to reach historically underserved people in rural and urban areas. Institutional strengthening will also include targeted capacity-building, systems reform and the promotion of inter-agency coordination and interoperability at national and local levels to ensure a more coherent and responsive state presence.	December 2027	DRR, Programme Analysts		Started
3.2 Strengthen the collection and analysis of data for the evaluation processes of UNDP-supported and assisted initiatives, projects and programmes.	December 2027	Programme Analysts, Project Managers, M&E		Started
3.3 Follow up on the Partnership and Resource Mobilization Strategy 2026–2030 through management and portfolio meetings.	December 2025	RR, DRR, Programme Analysts, Gender Unit, M&E, Communications	Together with the RR, follow-up is conducted on meetings with national counterparts and the international financial institutions (IFIs).	Started

RECOMMENDATION 4.

UNDP should deepen its support for fiscal policies and unpaid care programmes that promote women's economic empowerment, with increased attention to intersectionality. It should also expand its institutional engagement with the legislative branch to advance women's political participation.

UNDP should expand its focus on intersecting forms of exclusion—particularly affecting Indigenous women, migrants, persons with disabilities and rural populations—by leveraging entry points across its work in environment, economic development and humanitarian response. This is especially relevant in areas such as Darién or the indigenous *comarcas*, where multiple vulnerabilities converge. To enhance its catalytic impact, UNDP should promote fiscal and care policies with a stronger gender equality perspective and continue to mainstream gender equality across all programme areas. It should also elevate its role as a communicator for development by placing the voices and lived experiences of marginalized groups at the centre of its knowledge products and advocacy efforts. In its promotion of women's rights and political participation, it should expand support and increase engagement and advocacy with the legislative branch of government and with civil society organizations working on this issue.

Management response: Fully Accepted

Key action(s)	Time frame	Responsible unit(s)	Tracking*	
			Comments	Status
4.1 Include in the new Country Programme products that include social protection and the provision of basic social services and care for the vulnerable population. UNDP will expand its technical cooperation, generating high-quality analytical inputs and operational tools to inform regulatory frameworks and institutional mechanisms. This will be based on continued collaboration with key national actors, including the Ministry of Social Development, the Ministry of Labour, the National Institute of Statistics and Census (INEC), the Technical Unit of the Social Cabinet, the National Secretariat for Disability, the Government Innovation Authority and organizations of persons with disabilities.	December 2027	RR, DRR, Programme Analysts, Gender Unit, M&E		Started

4.2 Collaborate with the Electoral Tribunal to strengthen capacity to monitor women's political rights and co-lead the communication strategy to promote democratic parity, amplify women's voices and combat media violence and misinformation, using artificial intelligence.	December 2029	RR, DRR, Programme Analysts, Gender Unit		Started
4.3 Design the UNDP Gender Strategy 2026–2030 with an action plan and results communication strategy.	December 2026	RR, DRR, Programme Analysts, Gender Unit, M&E		Started

RECOMMENDATION 5.

In alignment with headquarters and UNDP's Regional Bureau for Latin America and the Caribbean, and drawing on the lessons learned from the current programme cycle, UNDP should take proactive steps to ensure that its operational responsiveness and delivery capacity remain competitive within Panama's development landscape. This includes addressing operational bottlenecks, particularly those related to corporate agreements.

UNDP should maintain its relevance by addressing operational matters proactively. It should manage expectations and rigorously monitor its delivery and response times to uphold its competitive edge and efficiency. In light of recent challenges with the implementation of global corporate agreements, particularly with the IFIs, UNDP Panama should engage with headquarters to clarify roles, responsibilities and procedures. This will help safeguard the effectiveness of joint projects and ensure that operational limitations do not undermine UNDP's credibility or role as a partner of choice. Panama's experience could also serve as a reference for other countries in the region and beyond.

Management response: Fully Accepted

Key action(s)	Time frame	Responsible unit(s)	Tracking*	
			Comments	Status
5.1 Share with headquarters the experiences of implementing projects funded by IFI loans to help improve and operationalize global agreements on the ground (Systematization of experiences in the Improving the Efficiency and Quality of the Education Sector Programme (MECSE) and ITSE project).	December 2026	DRR, Programme Analysts, Project Managers		Started

◀ Recommendation 5 (cont'd)

5.2 Follow up on the Partnership and Resource Mobilization Strategy 2026–2030 through management and portfolio meetings.	December 2027	RR, DRR, Programme Analysts, Operations Manager		

* Status of implementation is tracked electronically in the Evaluation Resource Centre database.

ANNEXES

Annexes to the report (listed below) are available on the Evaluation Resource Centre website of the IEO at https://erc.undp.org/evaluation/documents/download/24813.

Annex 1. Evaluation terms of reference

Annex 2. Evaluation framework

Annex 3. List of projects reviewed

Annex 4. Documents consulted

Annex 5. Stakeholders consulted

Annex 6. Country programme performance rating

Annex 7. Status of country programme outcome and output indicators

Annex 8. Geographical analysis of the country programme

Annex 9. Financial analysis of the country programme

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