

STRENGTHENING OF THE ANTI-TRUST SYSTEM

(TC-97-09-38-0)

EXECUTIVE SUMMARY

EXECUTING AGENCY: Comisión de Libre Competencia y Asuntos del Consumidor (CLICAC).

OBJECTIVES: The project seeks to strengthen CLICAC's institutional ability to execute its competition, consumer protection, and trade advisory responsibilities.

DESCRIPTION: The project's specific objectives are to i) enhance CLICAC's ability to establish and execute antitrust policies that will increase competition in Panama's economy; ii) develop conceptual principles and methodologies for enforcing Panama's consumer protection laws and applying CLICAC's consumer advocacy mandate; iii) build an analytical framework for resolving anti-dumping and subsidy issues; and iv) create guidelines for exercising CLICAC's authority to advise on safeguards requests due to unfair trade practices.

FINANCING: Modality: Grant

Recipient: US\$420,000.00
MIF (Technical Cooperation Facility): US\$622,100.00
Total: US\$1,042,100.00

IMPLEMENTATION SCHEDULE: Execution Period: 18 months
Disbursement Period: 24 months

EXCEPTION TO POLICIES AND PROCEDURES: There are no exceptions to Bank policies and procedures.

SPECIAL CONTRACTUAL CONDITIONS: Before the first disbursement: (i) prepare a detailed Work Plan for the program; (ii) create the Project Execution Unit through an internal directive approved by the Commissioners.

I. COUNTRY AND PROJECT ELIGIBILITY

- 1.1 The Donors Committee declared Panama eligible for all modes of financing from the Multilateral Investment Fund at its meeting on February 11, 1998. The basic concept of strengthening competition, consumer protection, and trade policy agencies, as well as training regulators, is eligible by the MIF Agreement, and has already generated MIF projects in Colombia, Brazil, Peru, and Venezuela.

II. BACKGROUND

A. Economic Policy and Structural Reforms

- 2.1 The current Administration has placed high priority on structural reforms of the Panamanian economy. The official government strategy, *Social Development with Economic Efficiency, 1997-1999*, focuses on achieving greater public sector efficiency and effectiveness, while promoting a bigger role for the private sector through privatization and concessions, increasing competitiveness of the economy, and reducing poverty. A component of this strategy is the elimination of microeconomic distortions, the promotion of competition, and elimination of unfair trade practices in the Panamanian economy.

B. Competition, Consumer Protection, and Trade Policy in the Region

- 2.2 Laws concerning competition, consumer protection, and trade are increasingly prominent elements of the legal framework for economic policy in Latin America and the Caribbean (LAC). Since 1970, Brazil, Colombia, Chile, Costa Rica, Mexico, Panama, Peru, and Venezuela have adopted laws in these areas. Moreover, laws in these areas are key components of policymaking in regional fora such as the Andean Pact, Free Trade Agreement of the Americas, and Mercosur.
- 2.3 Implementation is the achilles heel of the new generation of competition, consumer protection, and trade laws. Several countries have entered a vital phase that will decide whether nominally powerful laws can be implemented effectively. The robustness of foreign technical assistance to build institutional capability will greatly influence how successfully the new agencies perform in this critical period. Technical assistance will help the same agencies overcome the challenges inherent in regulating a business culture unaccustomed to the transparency required by modern antitrust legislation.

C. Competition, Consumer Protection, and Trade Policy in Panama

- 2.4 In February 1996, Panama enacted Law No. 29, establishing a new legal framework to promote competition, protect consumers, and police unfair trade practices. Based on Law No. 29, the Comisión de Libre Competencia y Asuntos del Consumidor (CLICAC) was chartered and new "competition tribunals" were created to enforce the statute. The main responsibilities of CLICAC, which is an autonomous agency related to MICI, are under the purview of three

commissioners. In two years, CLICAC has taken significant steps towards consolidating a sound institutional framework and has begun to exercise its authority. Key measures have included educating the public and business operators on fair competition principles; pursuing competition and consumer advocacy initiatives before other government bodies; conducting low-cost conciliation of consumer complaints; and prosecuting a potentially formative case against a producer cartel (collusion by flour millers).

- 2.5 In its first two years, CLICAC has made significant progress in institution-building and enforcement of its competition policies. Benchmarked against international best practices, CLICAC has done very well. A clear indicator of CLICAC's progress is the quality of its executive staff: highly-skilled, well-remunerated individuals hold key leadership posts. The majority of the staff, however, are former employees of the Office of Price Regulation, and have no experience with competition, consumer protection, and trade issues. The vital next steps in CLICAC's evolution are to preserve and extend its institutional accomplishments, and to train the Agency's staff, in new, relevant areas of expertise.
- 2.6 Law No. 29 is very comprehensive by international standards. The Law created three interrelated regulatory regimes governing competition, consumer protection, and trade policy. In many respects, the Law creates the type of comprehensive legal framework that mature market economies have developed only after decades of experience with regulation in these areas. For a new policymaking body in an emerging market, creating effective, economically-sound enforcement programs in any one of these areas would be a significant achievement. To accomplish this result in all three areas simultaneously is a truly difficult, though worthwhile, endeavor. The scope of Law No. 29 creates possibilities for a mismatch between the far-reaching legal commands and the institutional capability of CLICAC and the new Competition Tribunals created to enforce the Law.

D. CLICAC's Current Challenges

- 2.7 To execute its duties successfully, CLICAC must overcome **five critical internal challenges**: i) increase the expertise of its staff and devise ways to ensure that turnover in personnel does not deplete its institutional memory; ii) enhance the Agency's ability to do research, identify strong cases and advocacy possibilities, and set regulatory priorities; iii) establish internal management procedures that define the methodology Agency officials must use to conduct investigations and perform other duties under Law No. 29; iv) develop a secretariat that maintains archives and manages the flow of records, complaints, decisions, and other data throughout the Agency, at low cost and with proper confidentiality; and v) increase the Agency's ability to use low-cost conciliation procedures to resolve consumer protection disputes, according to best international practices. In addition, the Agency must help

forge a consensus on the need for economic actors to be held accountable for non-competitive practices and for transparency in public and private economic activities.

- 2.8 The Agency receives an annual budgetary allocation on the order of US\$3 million. MIF financing will leverage CLICAC resources and help consolidate initiatives begun jointly by the IDB and the IBRD. One critical factor for assuring financing in the medium to long-run is the financial sustainability component of this project that will identify stable alternative sources of revenue to complement one-off donor support and the recurrent budgetary allocations of the GOP. Financial independence is key to reinforce the Agency's political independence.

III. THE PROJECT

A. Project Objectives

- 3.1 The project seeks to increase CLICAC's capacity to execute its competition, consumer protection, and trade policy duties under Law No. 29. Three components serve this goal. Collectively, the components seek to ensure that CLICAC establishes durable practices and procedures that promote sound administration in the face of resource constraints and substantial turnover in personnel. The program will help CLICAC develop clearly defined goals and methodologies and will provide the minimum human and physical resources necessary to accomplish them. The strategy and financing of the anti-trust regime in Panama is shared by the World Bank; the breakdown of the activities supported by the IDB and the IBRD can be found in Annex I. A detailed description of the project's sub-components is available upon request (technical files).

B. Basic Components

- 3.2 Component 1: Institutional Strengthening. To fulfill the comprehensive mandate of Law No. 29, CLICAC must enhance its legal, administrative and managerial infrastructure. This component is divided into three sub-components.
- a. **Preparing Implementing Regulations:** This sub-component will support the drafting of detailed by-laws for implementing Titles II (consumer protection), III (anti-dumping), and IV (trade safeguards) of Law No. 29. These by-laws will define the specific, individual functions of the Agency, and will necessarily be reflected in the new institutional structure.
 - b. **Institutional Restructuring and Training:** This sub-component will thoroughly review CLICAC's institutional structure--both organizational design and staffing--and will propose a new one, more consistent with Law No. 29's mandate. In addition, it will finance all the required procedure manuals, in accordance with the new institutional structure. The sub-component, in

coordination with the World Bank, will also evaluate the skills of existing personnel, particularly employees inherited from Panama's former Office of Price Regulation. Based on this evaluation, a training program will be designed and implemented.

- c. **Financial Self-Sustainability:** This sub-component will examine how CLICAC might obtain resources beyond those provided in Panama's annual public sector budget.

3.3 Component 2: Analytical and Methodological Support. Proper execution of CLICAC's competition, consumer protection, and trade responsibilities depends on creating a strong institutional capability to study the microeconomic structure, especially the behavior of firms; to educate Panama's business operators and consumers; to publicize Law No. 29 and its enforcement; and to devise low-cost ways to provide services mandated by the Law. This component seeks to help CLICAC build a strong analytical and methodological foundation for research, policy formation, and disseminating information to external constituencies.

- a. **Microeconomic Information System (MIS):** This sub-component will develop computer databases necessary to analyze microeconomic behavior and potential cases of non-competitive behavior by firms.
- b. **Documentation and Training Center:** This sub-component will help CLICAC build a central documentation and training center.
- c. **Publication Center:** This sub-component will help CLICAC create a central bureau that will publish CLICAC's case studies and will be the focal point for the Agency's education and publicity programs.
- d. **Anti-Dumping:** This sub-component seeks to build CLICAC's capacity to determine which domestic producers are vulnerable to unfair trade practices.
- e. **Facilitating Industrial Reconversion:** This sub-component seeks to increase CLICAC's ability to evaluate proposed industrial reconversion plans, one of the advisory functions assigned to the Agency by Law No. 29.
- f. **Consumer Conciliation Mechanisms:** This sub-component seeks to improve CLICAC's ability to process consumer complaints and achieve voluntary compliance by suppliers through conciliation procedures.

3.4 Component 3: Adequate Networks and Facilities. Panama has made progress toward giving CLICAC the facilities that the agency needs to execute Law No. 29 and to be a credible regulator for the

private sector. The component will be fully funded by CLICAC. This component will enhance CLICAC's physical capital.

- a. **Networks and Equipment:** This sub-component will strengthen CLICAC's internal computer and communications systems to improve its ability to manage the routine flow of work.

C. Executing Agency, Executing Mechanism, Project Readiness, and Direct Beneficiaries

- 3.5 The proposed project will be executed by CLICAC. The Project Executing Unit will consist of one commissioner, Chief Economist, Chief Lawyer, and Director General. The commissioner, to be appointed by mutual agreement of the three commissioners in the directive establishing the Unit, will supervise technical responsibility for execution, entrusted to the directors of the Economic and Legal Departments. Daily administration will be delegated to CLICAC's Director General. The execution period will be 18 months from the signing of the Agreement, allowing 24 months for the completion of disbursements.
- 3.6 CLICAC has demonstrated its readiness to attain the objectives and carry out the components outlined above. The heads of the Legal and Economic Departments, as well as the Director General, have been receiving training in the Bank's bidding and contracting procedures from COF/CPN.
- 3.7 This project will benefit Panamanian consumers and producers. Increased competition will lower prices for consumer goods, particularly those purchased by the poor. Consumer conciliation methods will promote consensus about better business practices that benefit both consumers and producers. Anti-dumping and trade safeguards will similarly benefit both consumers and producers by implementing fair trade policies in line with international best practices.

D. Cost and Financing During Execution and Operation Phases

- 3.8 MIF resources (from the Technical Cooperation Facility) will be used to finance consultants for institutional strengthening and the acquisition of equipment necessary to implement the new systems. Counterpart funds will come from CLICAC's operating budget and will cofinance the institutional strengthening consultancy and the consultancies for the analytical and methodological support component, as well as fully financing the installation of modern communications networks and the purchase of equipment for the Agency's offices.

3.9 The budget of the proposed technical cooperation is as follows:

	MIF	Counterpart	Total	%
Component 1: Institutional Strengthening	273,000	100,000	373,000	35.8
Consulting services	273,000	100,000	373,000	
Component 2: Analytical and Methodological Support	297,000	120,000	417,000	40.0
Consulting services	141,500	120,000	261,500	
Equipment	155,500	0	155,500	
Component 3: Adequate Network and Facilities	0	200,000	200,000	19.2
Equipment	0	200,000	200,000	
Contingency (5%)	52,100	0	52,100	5.0
Total	622,100	420,000	1,042,100	100.0
%	59.7	40.3	100.0	

E. Project Justification and Risks

- 3.10 A crippling flaw of law reform in emerging markets often is the failure to build the institutional capacity to implement a new legal framework. CLICAC is entering a crucial formative phase in which the Agency, in order to fulfill its mandate, must devise effective administration, management, education, publicity, and research methods. Building a strong institutional structure will prove decisive in determining whether consumers and business operators regard CLICAC as an effective, credible and legitimate mechanism for regulating private sector anti-competitive practices. It will also help ensure that CLICAC's execution of its powers under Law No. 29 promotes economic growth. The proposed program will help CLICAC extend the promising steps that the agency already has taken to attain the institutional conditions for success.
- 3.11 Three main risks attend execution of the project. First, the policy environment in Panama might change, in response to new priorities, reducing the political and financial support enjoyed by the CLICAC. The Agency will mitigate the financial risk by leveraging it's current annual budget to make key investments in institutional development. In addition, CLICAC, with the support of this project, will continue efforts to obtain additional sources of revenue. The political risks will be mitigated through the judicious use of public relations activities. The CLICAC, by publicizing its initiatives and results, will seek to create popular support for the Agency among Panama's citizens.
- 3.12 The second risk is that training programs designed and implemented under the institutional restructuring component will fail to serve CLICAC's genuine needs. The project will use several techniques to ensure that the training program, based on an exhaustive personnel evaluation, truly addresses CLICAC's needs. One way is to have

CLICAC officials visit other agencies, particularly in Latin America, to observe best practices that can be adapted to the Panamanian context. A second method is to have officials from LAC agencies visit CLICAC. A third way will be to base training activities mainly on materials and exercises reflecting Panamanian or Latin American cases.

- 3.13 A third project risk is that there might be a failure to adequately coordinate donor assistance to the CLICAC. The success of this project is contingent upon inputs from the World Bank. A lack of coordination could delay implementation of key components or threaten the integrity of the external assistance program as a whole. This risk has been mitigated by continuous and careful coordination between the project teams of World Bank and the IDB. The World Bank, under the terms jointly negotiated with IDB and CLICAC, will finance consultancies to draft the by-laws for Title I of Law No. 29, to develop conceptual guidelines for the application of anti-trust laws, to evaluate the personnel inherited by the Agency, and to suggest the appropriate methodologies for subsequent training of these employees.

F. Project Performance Criteria/Benchmarks and Evaluation of Results

- 3.14 The project agreement between the MIF and CLICAC will require CLICAC to prepare three reports and submit them to the country office in Panama. The **first report** will present the detailed work plan and timetable for carrying out the project's components and activities. CLICAC will submit the report within 60 days of the signing of the agreement. In a **second report** due 12 months after the eligibility date, CLICAC will describe progress in executing the project, focusing on steps taken to carry out the consultancies; purchase equipment; obtain economic data to create the economic databases; and conduct benchmarking projects with other competition, consumer protection, and trade agencies in LAC. The **final report** will assess the project's effects. At the same time, an external audit of the project's expenditures will be prepared. For the final report, CLICAC and representatives of the Inter-American Development Bank will hold a workshop soon after the program ends and, among other topics, review the number and type of training and benchmarking programs completed; the number and type of economic studies completed or initiated; trends in resolving disputes filed with CLICAC; progress in implementing managerial, organizational, and data management methods proposed by the consultants; steps taken to increase outreach and educational activities for consumers and business operators; and measures to ensure that project results (especially concerning training and the adoption of best organizational practices) become part of CLICAC's permanent institutional memory and are accessible to future CLICAC officials. Within 90 days of the program's completion, CLICAC will submit an aide memoire based on the mentioned workshop. The aide memoire, together with the results of the audit, will be the third and final report of the project.

G. Exceptions to Policies and Procedures

- 3.15 All goods and services will be procured according to the Bank's regulations. There are no foreseen exceptions to the policies and procedures of the Bank.

H. Special Contractual Conditions

- 3.16 Prior to the first disbursement, CLICAC must achieve the following: (i) prepare a detailed Work Plan for the program execution period, according to terms agreed to with the Bank; (ii) constitute the Project Execution Unit, and assign the respective personnel, through an internal directive of the CLICAC, issued by the three Commissioners.

PROGRAM FOR INSTITUTIONAL STRENGTHENING OF CLICAC
LOGICAL FRAMEWORK: INSTITUTIONAL REFORM

OBJECTIVE	INDICATORS	PERFORMANCE INDICATORS	ASSUMPTIONS/ RISKS
Strengthen administrative capacities of CLICAC	Increase in the number of cases processed	CLICAC internal statistics	Unavailability of minimum budgetary requirements
Modify institutional structure to the functions of CLICAC by Law 29 on February 1, 1996	10% increase in number of cases processed	CLICAC internal statistics	Modification of Law 29 with respect to CLICAC functions
<p>Objectives:</p> <p>Develop an administrative system which allows CLICAC to obtain non-governmental funds to carry out its assigned budget</p> <p>Conduct studies that will provide an adequate classification of staff transferred from the Office of Price Regulation (OPR)</p> <p>Complete the remodeling and furnishing of the new office spaces of the CLICAC headquarters</p> <p>Enhance analytical capabilities of executing and contracting international experts in economics and law</p>	<p>Number of contracts; time in which consulting services are completed</p> <p>Number of contracts; time in which consulting services are completed</p> <p>Contract endorsed by General Comptroller of the Republic</p>		<p>Cost for employee settlement and inadequate professional payment</p> <p>Availability of experts during the required times</p>
<p>Strengthen Administrative system by contracting consultants to prepare the financial studies</p> <p>Conduct studies to produce...</p> <p>Contract consultants to prepare studies on the framework and personnel evaluations</p> <p>Complete remodeling...</p> <p>Contract of the architecture firm in charge of the new CLICAC headquarters</p> <p>Proceed on the advising of...</p> <p>Engage international experts on a medium to long term (6 months to a year)</p>	<p>Number of contracts fulfilled</p> <p>Number of contracts fulfilled</p> <p>Compliance of contract and delivery of work with approval from CLICAC</p> <p>Number of contracts fulfilled</p>		<p>Availability of experts in economics during the required times</p> <p>Availability of experts in law during the required times</p> <p>Comptroller's non-endorsement of Contract between CLICAC and architectural firm</p> <p>Availability of experts in economics during the required times</p>

PROGRAM FOR INSTITUTIONAL STRENGTHENING OF CLICAC
LOGICAL FRAMEWORK: ECONOMIC COMPETITION

OBJECTIVES	INDICATORS	PERFORMANCE INDICATORS	ASSUMPTIONS/
the conditions of competition of economy	Reduction of the Herfindhal-Hirschmann Concentration Index (HHI) by ten percentage points in four years Price tendencies; Number of brands	Economic census of the DEC-CGR; industrial surveys by DEC; sector studies by CLICAC	Information obtained by DEC sufficiently detailed Confidentiality issues might access to information
eliminate barriers to entry and exit	Reduction of the Index of Herfindhal-Hirshmann (HII) by 5 percentage points in 2 years (duration of project)	Economic censuses of DEC-CGR; industrial surveys by DEC; sector studies by CLICAC	
s to improve the current ding laws, rules and Contracts bility of pro-competition ure contractual obligations e and private parties.	Number of contracts ; time frame in which consulting services are completed Number of contracts; time frame in which consulting services are completed		Inability to obtain the collabor public institutions
s to improve ... ltants to evaluate the effect on e relationship between the nery and the State s to contribute... ltants to design pro-competition ; to be included in contracts cessions, privatization, etc.	Number of complied contracts Numbers of complied contracts		Unavailability of experts Availability of experts in the

PROGRAM FOR INSTITUTIONAL STRENGTHENING OF CLICAC
LOGICAL FRAMEWORK: ECONOMIC COMPETITION

OBJECTIVES	INDICATORS	PERFORMANCE INDICATORS	ASSUMPTIONS/R
...e conditions of competition in the Panamanian	Reduction of ten percentage points of concentration of the Herfindhal-Hirschmann Indexes (HII)	Economic census of the DEC-CGR; industrial surveys by DEC, sector studies by CLICAC	Information obtained by DEC-CG enough
...ategic Information System which will provide a greater knowledge of the microeconomic ...a, of its International Commerce and collusion ...ctors that distort entry and exit		Calculations of the concentration ratios Herfindhal-Hirschmann Indexes for most of the industrial sectors (using CIIU classification up to four digits)	
...ocumentation Center to maintain a current ...cal studies of the industrial organization and ...merce to aid the investigation of cases ...Data Center (Microeconomic Information System- ...the capacity of technical analysis by the Executive ...LICAC. This entails the development of ...ng models ...ublications Center to edit and publish of non- ...s and studies ...raining center to disseminate CLICAC's ...edge and techniques to other public sector ...udicial Branch)	Number of contracts; time frame in which consulting services are completed		
...ocumentation Center... ...ulting services design a Documentation Center ...of computers and specialized software ...Data Center... ...ulting services to design and launch the MIS ...of computers and specialized software ...ublication Centers... ...editing and photocopying equipment, computers ...ftware ...raining Centers... ...of audiovisual equipment as well as computer and ...re	Number of contracts completed Number of contracts completed		Availability of experts Availability if experts

PROGRAM FOR INSTITUTIONAL STRENGTHENING OF CLICAC
LOGICAL FRAMEWORK: SAFEGUARDS AND UNFAIR TRADE PRACTICES

OBJECTIVES	INDICATORS	PERFORMANCE INDICATORS	ASSUMPTIONS/RISKS
serious impact on national fair trade practices (dumping and	Fob price less than the normal value (domestic price in exporting country)	Customs liquidations; quotes in international specialized magazines	Inability to acquire information as required
em to monitor the competitive s and production) for a group of of produced domestically			Unfair trade practices occurring in group of goods than those covered monitoring plan
a studies for the monitoring system roeconomic research to determine itive goods s to define the guidelines to be stigations of unfair trade practices requests	Number of contracts; time in which consulting services are completed Number of contracts; time in which consulting services are completed		Training of employees of the General Directorate of Customs in these matters (subject to budget)
s about the type of design g consultants experts in monitoring economic studies to determine... r specialists (agriculture and s to define guidelines that are ultants to design the guidelines for tion of procedures to present suits practices or requests for applying asures	Number of complied contracts Number of complied contracts Number of complied contracts		Available of area experts Availability of area experts Availability of area experts

PROGRAM FOR INSTITUTIONAL STRENGTHENING OF CLICAC
LOGICAL FRAMEWORK: SAFEGUARDS AND UNFAIR TRADE PRACTICES

OBJECTIVES	INDICATORS	PERFORMANCE INDICATORS	ASSUMPTIONS/
efficient or non-competitive companies y horizon to adequate their conditions	Plans for industrial modernization	Partial and total compliance of preset goals in plans of industrial modernization	Noncompliance with negotia compromises; ability to avoi sanctions
mpetitive adjustments by companies long term economical viability			Unfair trade practices occur group of goods than those co monitoring plan
udies on the range of possibilities for version and their viability in Panama ies to determine the possible forms of panies negatively affected by eralization	Number of contracts; time in which consulting services are completed		Inability of companies to pro necessary details for a compl of their reconversion plans
udies about the range of possibilities for te in local and international expert seminars on competitiveness, sformation and analysis of international ning analytic skills for evaluations of ans erts in reengineering and reconversion ies to determine the possibilities for erts in subsidy programs (credit,) for ailing industry reconversion	Number of complied contracts Number of complied contracts Number of complied contracts		Availability of experts Availability of experts Availability of experts

PROGRAM FOR INSTITUTIONAL STRENGTHENING OF CLICAC
LOGICAL FRAMEWORK: CONSUMER EDUCATION AND ORIENTATION

OBJECTIVES	INDICATORS	PERFORMANCE INDICATORS	ASSUMPTIONS /RISKS
Efficiency and effectiveness of the	The majority of the population recognizes the institution's functions within 5 years and they adopt attitudes more consistent with the country's economy	Statistics of disputes and of public services provided	Unavailability of human and financial resources to carry out programming
Available human resources as well as facilities.	- Diminishing number of consumer disputes Create consumer organization (six months)	- Statistics; Consumer Benefits (in monetary terms)	
Internships and finance participation seminars and conferences, both nationally Consulting on consumer education Equipment and furnishing to produce, distribute educational material for Additional physical space Campaigns for consumers in the media	- Participate in internships (1 annually) - Participate in national and international events (3 annually) - Consulting of medium to short duration (3-6 months) ; Hire one consulting service per semester - Availability of photocopiers, mimeographs, design tables, storage shelves for didactic material - Availability of storage space for the material produced; Assemble a production workshop for the didactic and promotional material; Provide a spacious, multi-purpose room for services to the public, discussions, conferences, meetings, etc.	- Reports and evaluations of the training received - Trained employees assume teacher role Inventory of the training received and diagnostic of its effect - Inventory of the equipment in perfect condition - Existence of the area and furnishing required for all the programmed activities; Production center and audiovisual resources organized with control mechanisms	inability to obtain the collaboration of other institutions involved Unavailability of suitable trainers Unavailability of the necessary equipment in marketplace Unavailability of space in the building for the headquarters for CLICAC
Internships... Headquarters of Consumer Education Month to learn through their advising in... International consultant to train the strategies and in the creation of plans Equipment and furnishing... Computers, the software and space... the leasing Campaigns for... television and newspaper publicity		- Accounting registers of the executing unit (presentation of tickets, bills and receipts) - Reports presented in reference to the hired staff and their efforts - Inventory of the equipment purchased with the sale receipts - Endorsement of contracts	Having an accord for interinstitutional collaboration Availability of consultant and the logistical support

PROGRAM FOR INSTITUTIONAL STRENGTHENING OF CLICAC
LOGICAL FRAMEWORK: RULES AND STANDARDS

OBJECTIVES	INDICATORS	PERFORMANCE INDICATORS	ASSUMPTIONS/R
the transparency at all levels of relations of the country with respect to n and enforcement of rules of quality ment utilized in the market	Diminishing abuses associated with mis-measurement in purchases of basic consumer goods in a period of two years	Surveys, research and field work prepared by verifiers or standardizers; Consumer complaints	Non-compliance of existing standards of quality
l manuals to assure the compliance of dards of quality	Diminish errors in quality verification procedures in one year; Increase in the number of complaints of the businesses as a sign of the effectiveness of the institutions supervising functions	Investigation and field work	Non-utilization of procedural technicians in charge of execution activity
al cooperation of the Argentinean n the development of legal standards rcement	Four International Advising Services in 1 year. Four training seminars on standardizing techniques in 1 year	Reports on the results of the inquiries prepared by the consultants, technicians and advisors	Reduction in the amount of funds established for hiring and training
al training in the development and of quality regulations	- Four seminars on the elaboration of norms for quality control	Reports on the results of the inquiries prepared by consultants, technicians and advisors	Limitations of the Human Resources in the implementation of market
equipment necessary to establish at will satisfy consumers	Four certifying evaluations that will quantify that the quality rules and standards are in tune with the technological changes that can satisfy minimum consumer needs		
cooperation of...			
act consultants to assess the current les and standards in Panama	Number of completed contracts	Auditing that can quantify the advising, consulting and procurement activities of the program executed	Reduction of national and international funds for advising, consulting training
al Training in...			
e micro investigation for the hiring of s	Number of completed contracts	Auditing that can quantify the advising, consulting and procurement activities of the program executed	Lack of equipment and human resources to perform scheduled activities
equipment that will allow...			
al and purchasing of equipment			Lack of equipment and available human resources to perform scheduled activities

PROGRAM FOR INSTITUTIONAL STRENGTHENING OF CLICAC
LOGICAL FRAMEWORK: CONSUMER CONCILIATION

OBJECTIVES	INDICATORS	PERFORMANCE INDICATORS	ASSUMPTION
Revising and updating conceptual approach for conciliation to develop a methodology that is consistent and coherent with the existing policies	Reducing the number of complaints presented by consumers from 600 to 300 in a period of 24 months	Statistics from the Conciliation Department	The number of these complaints will not increase rapidly once the new methodology is available to all consumers
Reducing the number of dissatisfied customers by providing them with a satisfactory response to their complaints with companies	During the second semester of the year	Comparing-statistical data	
Reducing the number of errors in the conciliation process	During the second semester of the year	Comparing-statistical data	
Providing services recommending tactics and conciliation processes in Panama	Completed within 2 months	Executive Report	
Providing reports on the behavior of businessmen and on the abuses committed by their administrators	Completed within 2 months	Executive Reports	
Providing services dealing with... Assigning a specialist to develop an appropriate methodology Conducting studies about... Developing a strategy to focus research and identifying priority areas			Unavailability of experts Unavailability of experts

**INSTITUTIONAL FRAMEWORK FOR SOURCES OF FINANCING FOR THE CLICAC
IDENTIFICATION ACCORDING TO LOGICAL FRAMEWORK METHODOLOGY**

Identification Number	Activities to be Performed	Sources of Financing				
		Resources (Budgetary Assignment)	Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB)	European Union	World Bank	Argentinean Government
I.A.1.1	Consulting Services on financial sustainability		X			
I.A.2.1	Consulting Services on personnel evaluations		X			
I.A.3.1	Fitting out new offices	X				
I.A.4.1	Extended Consulting Services		X			
II.A.1.1	Consulting Services- Fuel				X	
II.A.2.1	Consulting Services- Guidelines		X			
II.B.1.1	Design- Documents Center		X			
II.B.1.2	Acquiring Equipment	X	X			
II.B.2.1	Design- SIM		X			
II.B.2.2	Acquiring Equipment	X	X			
II.B.3.1	Acquiring Equipment	X	X			
II.B.4.1	Acquiring Equipment	X	X			
III.A.1.1	Consulting Services- Information on National and International Situation				X	
III.A.2.1	Consulting Services -Sectors				X	
III.A.3.1	Consulting Services- Guidelines		X			
IV.A.1.1	Seminars- Workshops				X	
IV.A.1.2	Consulting Services on Reengineering and productive transformation				X	
IV.A.2.1	Consulting Services-Programs for State Assistance				X	
V.A.1.1	Internships in regional headquarters of Consumer International			X		
V.A.2.1	Consulting services-promoting consumer organizations		X			
V.A.3.1	Acquiring Equipment		X			
V.A.4.1	Fitting out of additional office space			X		
V.A.5.1	Educational campaigns in the media			X		
VI.A.1.1	Consulting or advising on rules and standard		X			X
VI.A.2.1	Consulting services on rules and standards		X			
VI.A.3.1	Acquiring Equipment		X			
VII.A.1.1	Consulting services - Consumer Conciliation		X			
VII.B.1.1	Consulting services-Critical areas		X			

PROPOSED RESOLUTION

**PANAMA. COMISION DE LIBRE COMPETENCIA Y ASUNTOS DEL CONSUMIDOR.
NONREIMBURSABLE TECHNICAL COOPERATION FOR THE STRENGTHENING OF
THE ANTI-TRUST SYSTEM**

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Comisión de Libre Competencia y Asuntos del Consumidor and to adopt such additional measures as may be pertinent for the execution of the technical cooperation program for the strengthening of the anti-trust system, referred to in Document MIF/AT-_____.
2. That up to the amount of US\$622,100, or its equivalent in other convertible currencies, is authorized for the purposes of this resolution, chargeable to the resources of the Technical Cooperation Facility of the Multilateral Investment Fund.
3. That the above-mentioned sum is to be provided on a nonreimbursable basis.