

PROJECT TO MODERNIZE THE LEGISLATURE

(PN-0078)

EXECUTIVE SUMMARY

BORROWER AND GUARANTOR: Republic of Panama

EXECUTING AGENCY: Legislative Assembly of Panama

AMOUNT AND SOURCE: IDB: US\$2.8 million (OC)
Local counterpart funding: US\$1.3 million
Total: US\$4.1 million

FINANCIAL TERMS AND CONDITIONS: Amortization period: 20 years
Disbursement period: 4 years
Interest rate: variable
Inspection and supervision: 1%
Credit fee: 0.75%

OBJECTIVES: The project's main objective is to bolster the technical and analytical capabilities of the Legislative Assembly, to help it conduct its legislative business and oversight functions more effectively and strengthen its management and political consensus-seeking capacity.

DESCRIPTION: The project has been divided into five components in pursuit of the above-noted objectives.

Strengthening of the legislative function. Improve the legislature's advisory support and oversight systems, and give it a modern set of rules and regulations to work within, including a code of ethics.

Legislative analysis, documentation, and information. Build confidence in the nation's legal system, affording information on and expediting the analysis of current legislation, tracking of bills moving through the legislature, access to documentation, and establishment of an effective legislative information and information-processing system.

Improving dialogue and relations with other branches of government and with civil society. Help set up communication systems to report on the work of the legislature and ascertain its image, forge closer ties with other branches of government, and devise

ways to build consensuses and gain the public's trust in the work of legislators.

Strengthening of administration. Improve the Legislative Assembly's administrative and financial management systems, help draft and enact a law on a career legislative service, and institute an ongoing, sustainable training system.

Acquisition of equipment and remodeling of premises. Expedite the proposed project by supplying computer and other technical equipment and remodeling and adapting premises that are essential for the project activities.

**ENVIRONMENTAL
CLASSIFICATION:**

The Environment Committee, at its meeting of January 30, 1996, classified this as a Category II operation.

BENEFITS:

Concentrating as it does on the legislature's law-making, political representation, oversight, and administrative mandates, the proposed project will help strengthen democracy and improve the workings of the State. It will make information available on current legislation, strengthen the analysis process that precedes the making of laws, and convey an idea of the institutional effort that goes into the economic, social, and political changes unfolding in the country.

In the medium term, the project will improve the quality of legislative work and make it more relevant and timely, and will help rationalize spending and make for more efficient use of budget funds. Ultimately, the project will help win public confidence in the nation's laws, affording more and better information to prospective local and foreign investors, among others.

RISKS:

The activities envisaged in this operation will be pursuing reforms of the laws and regulations that govern the work of the legislature and its committees, among them the establishment of a career legislative service and a new parliamentary code of ethics. These efforts could run up against problems, since they will require a very large measure of consensus among parliamentarians. To counter this risk, the Assembly has set up a Modernization Committee, made up of one representative of each party in the legislature, which in turn will have an Executive Committee and a team of technical officers, who will serve as counterparts to the project consultants and to the Bank.

Difficulties also may arise in adapting and gaining acceptance of proposals for reorganizing the legislature and equipping it with modern systems, which could delay some of the project activities. To guard against this contingency, support will be sought from the outset from the Assembly's most senior authorities, and particularly from the Modernization Committee, which will be thoroughly apprised of the changes at seminars and other forums. The project's aims and expected benefits will also be amply publicized within the Assembly and elsewhere.

**EXCEPTIONS TO
BANK POLICY:**

It is proposed that the United Nations Development Programme (UNDP) be hired directly as a specialized agency to assist the Executive Committee with the hiring of consultants, purchase of equipment, and administration of training activities (see paragraph 4.7).

**THE BANK'S
COUNTRY STRATEGY:**

In its strategy with Panama, the Bank aims to (i) further the government's proposed economic and sector reform program; (ii) help make public spending more efficient generally and improve the targeting and efficiency of social spending on the poor; (iii) support efforts to modernize the State; (iv) rehabilitate and expand basic infrastructure and rewrite regulatory frameworks for private-sector involvement in the economy; and (v) identify focuses for development, management, and private investment in the inter-oceanic region.

The aforesaid strategy dovetails very closely with the government's program and the nation's efforts to entrench democracy and construct a modern State. A legislature that operates properly will help create a climate conducive to democratic governance and serve as a catalyst for economic and social change.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Conditions precedent to the first disbursement. It must be demonstrated to the Bank's satisfaction that (i) the government has signed an agreement with UNDP whereby the latter will provide support for administration of the project (see paragraph 4.7); (ii) the Legislative Assembly has set up an Executive Committee for the project and its Technical-Administrative Unit, and has hired an Executive Coordinator and support staff (paragraphs 4.2 and 4.3); and (iii) the executing agency has presented an initial report (work plan) based on the matrix of activities agreed on with the Bank (paragraph 4.17).

Other conditions. (i) The Bank will require progress, interim evaluation, and financial reports

(paragraphs 4.9 and 4.16); (ii) up to US\$80,000 in expenditures incurred before the approval date may be financed retroactively (paragraph 4.10); (iii) monitoring meetings are to be held each year (paragraph 4.19); and (iv) before the special fund envisaged for the legislative strengthening component may be drawn on, the Bank must have received the Fund's operating regulations for approval along with evidence that the Fund has been set up as agreed (paragraph 3.4).

I. BACKGROUND

A. General background

- 1.1 The Republic of Panama has embarked upon a process to advance the democratic process and build a modern State. Such an undertaking will require deep-seated changes in the nation's institutions and legal system, ranging from rethinking official institutions to making the workings of the State more transparent and responsive. These changes are set out in the government's agenda called "Public Policies for Comprehensive Development", which views a more efficient State apparatus as one of the present administration's central and most pressing challenges.
- 1.2 This pursuit of political and institutional consolidation is being manifested in efforts to strengthen the political system and find ways to make it operate effectively. The importance accorded to institutional issues is evident in the initiatives launched by the various branches of government to solidify a democratic state of law. As the government affirms in its strategy, if the nation is to have sound policies for sustainable and equitable development in a free-market system, it needs clear ground rules in its legislation, a strong judicial system, and a modern parliament.
- 1.3 The government is aware that, notwithstanding the progress unquestionably made to date on economic reforms, the traditional structure of State institutions continues to hamper economic performance. Public policies that are no longer adequate, and a number of legal bodies that have become obsolete, are problems that the government intends to address in the short and medium term as it sets about to configure a modern State.
- 1.4 There is a consensus among political leaders that, to build an enduring democratic system of government, steps must be taken to legitimize certain core institutions, and that the citizenry must be fully informed about those institutions' functions and objectives. And the institutions themselves need to be strengthened, within an appropriate legal framework, and ways must be found to afford transparency to their workings.
- 1.5 Panama's Legislative Assembly has a very important role to play in this context, as the nation's law-making and oversight body and also the seat of political representation. At this stage of the country's political evolution, which could be called a transition phase, it needs, and will continue to need, a wide-ranging debate about how institutions and laws can be geared to the needs of society. One important issue thus is how well equipped the Assembly is to lead this dialogue. With financial support from the Bank, the Assembly has produced a diagnostic report as a prelude to a cohesive plan for its strengthening and modernization.

- 1.6 Out of the aforementioned diagnosis there has evolved a political consensus on the need to tackle the question of institutional strengthening of the legislature, from the standpoint of its law-making, representative, and oversight functions, and also from a strictly technical and administrative perspective. The country's legislators appear to concur that the Assembly needs to bolster its administrative capabilities and build a better technical apparatus for legislative analysis and for legislative business generally, so it can effectively perform its role as a cornerstone of the democratic process.

B. The Panamanian legislature

- 1.7 The core of Panama's legislative branch is a unicameral corporate body called the Legislative Assembly. Its members are chosen through party nominations and by direct popular suffrage. Representatives and their alternates are elected through a system of electoral districts called circuits, which make for proportional representation and transform votes into parliamentary seats.
- 1.8 Under the Panamanian Constitution, the Legislative Assembly has legislative, oversight and control, administrative, and representative functions. Specifically, it enacts and amends national laws and codes, oversees the workings of the other branches of government, administers its own operations, and represents the interests of constituents, political parties, and society at large (see Annex I).
- 1.9 The Assembly consists of the Plenary (full Assembly), the Governing Board, 21 standing committees, and other temporary, special, or ad hoc committees. One such ad hoc group is the Special Committee for Modernization of the Legislative Assembly, which was set up in April 1995 with representatives of all parties holding parliamentary seats, and a mandate through 1999, to prepare the operation described herein and see that it is carried through. Bills sent to the legislature are debated in three readings. The phase of the law-making process in greatest need of strengthening and monitoring is the first stage - before and during first debate - when bills are before standing committees.
- 1.10 Panama's Legislative Assembly, like parliaments everywhere, has a further function that is not expressly set out in the Constitution or the nation's laws but makes it pivotal in a democratic system. As a body of directly and popularly elected representatives of a range of political persuasions, chosen from among candidates put forward by their parties, and with its law-making and oversight mandate, the Assembly is the ultimate forum for national political debate.

C. Current constraints of the Legislative Assembly

- 1.11 According to the diagnostic report mentioned above, the following are the main weak points in the Assembly's structure and operations.
 1. Constraints hampering the Assembly's law-making function and weaknesses in its institutional framework
- 1.12 A number of problems are holding up the legislative agenda, some of them associated with technical shortcomings and inconsistencies, and others stemming from the fact that the agenda is not duly geared to the needs it proposes to address. The business of the legislature has been confined largely to reviewing Executive Branch initiatives and moving them through the system, with no opportunity to improve the quality of laws through a rigorous debate with a stronger technical and conceptual content.
- 1.13 The professional and subject-matter focus of most of the 21 standing committees has been legal advisory support. However this issue is approached, it would appear that assigning permanent advisory support to committees with differing workloads is unwarranted and expensive. There is no flexible consultant-hiring system in place to seek outside support for specific tasks at specific times, or to make way for non-calendared activities to work out consensuses that can move the legislative agenda forward. Furthermore, the current system for review and oversight of the national budget is inadequate.
- 1.14 There are overlaps, ambiguities, and gaps in the set of laws and regulations governing the Assembly which need to be remedied. There is no set of standards governing the conduct of legislators or prescribing penalties for unethical behavior during their term in office, such as would be required to afford transparency to their private and public activities.
 2. Lack of information on current legislation, and absence of legislative information and documentation systems
- 1.15 When laws are continually amended, there will be many possible interpretations of them in the Assembly and elsewhere. In the eyes of the citizenry, such a situation raises questions as to the quality and merit of the legislative function, and undermines one of the pillars of a state of law. Such multiple interpretations arise even with recently enacted laws, whose legislative history is readily at hand and can be tracked in the records of debates leading up to the final wording.
- 1.16 Persons seeking copies of laws and other legal texts or answers to questions find the process very slow and cumbersome. When the information pertains to legislation that stands to be affected by a bill receiving first reading, the current system collapses because

of the dearth of support for the work of the legislature. There is no day-to-day system for tracking the making of a law; records and document centers and libraries are scattered and cannot provide legislators and technical advisors with the help they need.

3. Absence of vehicles for communication and dialogue

- 1.17 It can be concluded from the analyses and diagnostic reports produced that better ways must be sought to foster dialogue between government and civil society, to improve national consensus-building on the many pending legislative initiatives that are essential for democracy to take firm root. One weak point is the absence of forums for discussion of specific initiatives with other branches of government. Bills come in for very little technical debate. Regional initiatives need to be aired more thoroughly with the affected communities, to shape the type of consensus that will be required if the law is to be workable.
- 1.18 The country also lacks a system for publicizing what the legislature does and gauging public perceptions of its work, to find ways of bolstering public confidence in the legislative process. There is no effective mechanism in place to disseminate information on the work of the Assembly; for now, efforts are confined to lengthy radio broadcasts of sessions of the full Assembly during the debate on important bills, facilities given to commercial television news programs, and, very recently, the broadcasting of full Assembly sessions on educational television (cable channel 11). Plans are still in the works to reinstate the State Radio Network that broadcasts from the Office of the President of the Republic and offer less expensive options to other broadcasters.

4. Inadequate administrative and financial management

- 1.19 The Legislative Assembly is in need of modern administrative and financial management systems, ongoing plans and programs to modernize its operations and strengthen its capabilities, and training for its staff. Its high personnel turnover rate owes much to the lack of a recruitment, termination, and promotion policy. Personal computers are stand-alone and underused, and records are kept manually – using books or cards – in the accounting, budget, procurement, stores, and personnel areas.
- 1.20 The legislature has less financial and administrative autonomy than decentralized public agencies and State enterprises. An explicit determination has yet to be made as to the degree of its administrative autonomy and oversight provisions under the Legislative Assembly Act and the Assembly's internal regulations, with a view to reflecting the constitutional division of powers.

5. Obsolete equipment and space constraints

- 1.21 The microcomputers and computer networks in place in the Assembly are obsolete and unreliable; the current platform configuration no longer meets user demands. A very small number of personal computers need to be upgraded; the critical factor is really the option of using professional corporate database management software to attend to the evident demand, and adoption of client-server architecture and an open architecture operating system.
- 1.22 Though the Assembly building is being expanded, it cannot efficiently accommodate the multiple needs of legislators, committees, party staff, public hearings during first debate on bills, and legislative and administrative support units. Certain core departments, among them the library and the computer services unit, need more room and better facilities. The shortage of space for public hearings and for secretariat support for some standing committees has an impact on how such activities are conducted: the legislative function and support services work less efficiently, and project an image that is not commensurate with their vital role.

D. Focus of the proposed operation

- 1.23 According to the diagnostic report, the Legislative Assembly has concentrated largely on reviewing and moving forward Executive Branch initiatives, there being little opportunity to improve the quality of laws through rigorous debate with a stronger technical and conceptual content. In such circumstances, absent any strong technical or analytical support or the information required for debates, the legislature loses credibility.
- 1.24 The operation described herein would endow Panama with a modern legislative body, to remedy the shortcomings identified in the diagnostic report and focus the legislature's activities on five areas: (i) legislative business, oversight capabilities, and a framework of rules and regulations governing the Assembly's operation; (ii) a legislative information and information-processing system; (iii) improving relations and building consensuses with other branches of government and with civil society; (iv) administrative and financial management, including introduction of career legislative service in the administration area and training plans; and (v) adequate equipment and work space.
- 1.25 At first glance these goals might appear somewhat ambitious, but in fact much of the groundwork has already been laid. The Assembly is apprised of the planned operation, having been involved from the start in its preparation, through the Modernization Committee, and is prepared to support it.

E. Rationale for the Bank's involvement

- 1.26 A central requisite of the political process on which the country has embarked to reconfigure its institutions will be to frame policies that answer the most pressing needs of the population and to adapt public institutions accordingly, by way of regulatory frameworks that foster private enterprise, among other things. The agenda for the years ahead is a complex one, and it will require that bills be moved through the legislature quickly enough to keep pace with the government's comprehensive economic and social reform program. ^{1/} An effective Legislative Assembly could help build a climate conducive to democratic governance and serve as a catalyst for the reforms.
- 1.27 The Bank's program of operations with Panama places particular emphasis on helping the government find solutions to problems that are keeping the public sector from carrying through the economic and social reform program expeditiously. The Bank's strategy dovetails closely with the government's own program and is consistent with the operational targets of the Eighth Increase in Resources, which accord high priority to the issues of modernization of the State and civil society.
- 1.28 As a comprehensive approach to reconfiguring the public sector, the Bank and the government agreed on a broad modernization of the State program to be implemented in stages and through separate operations. The elements identified in principle are: (i) modernization of tax administration (currently at the analysis stage); (ii) strengthening of the judicial system; (iii) modernization of the Ministry of External Relations; and (iv) modernization of the legislature.

F. Technical assistance received by the Assembly, and Bank experience

- 1.29 Between 1991 and 1993 the Assembly received advisory and financial support to automate its information systems through the Consortium for Legislative Development, funded by USAID. The project helped set up computer services, records, and microfilm departments, as a first step toward instilling a "computer culture" in the Assembly. The funds provided were sufficient to set these departments in place, but not to operate them. Under the project, equipment was purchased to install the present computer networks and software applications were developed.
- 1.30 To date the Bank has approved two technical-cooperation operations to strengthen legislatures, now under way in Peru and in Costa Rica. It thus has not yet built up a body of experience from which it can draw lessons for a comparable project at this writing. The

^{1/} Anti-Trust Act, Education Act, Framework Law for Public Utility Reform, Environment Act, Social Security Act, etc.

operation proposed herein will build on the accomplishments of the USAID project and provide added support for a number of initiatives needed to give Panama a thoroughly modern legislative body.

II. OBJECTIVES AND EXPECTED OUTCOMES

- 2.1 The primary objective of the proposed operation is to bolster the technical and analytical capabilities of the Legislative Assembly, to help it perform its legislative and oversight functions more effectively and strengthen its management and political consensus-building capacity.
- 2.2 The following are the desired outcomes of the project:
- Substantial improvement in the quality of the law-making process and legislative analysis; eight new technical secretariats to aid standing committees; stronger budget control by the Assembly; establishment of a special fund to pay for legal advisory support and other support for the legislature; and development and introduction of new rules and regulations governing the Assembly's operations, including a parliamentary ethics and honor code.
 - Easier access to information on current legislation, and a new information system to that end; more complete legislative information and tracking systems; and a legislative information and documentation center.
 - An ongoing public information program and greater opportunities for dialogue and consensus-seeking with the other branches of government.
 - More streamlined and better-organized administrative and financial management; a new Internal Audit Office and a strengthened Public Relations Office; introduction of a career legislative service; and an ongoing, sustainable training program.
 - An upgraded information-processing platform and operating system; remodeling of physical plant and reorganization of space as provided in each of the project's components.

III. PROJECT DESCRIPTION

- 3.1 To pursue the objectives described above, the proposed project has been divided into five components, using the Logical Framework approach. The logframe, which is part of the implementation plan, specifies project components and activities and expected outcomes, means of verification of outputs and outcomes, and assumptions (see Annex II).

A. Project components

1. Strengthening of the legislative function (US\$456,000)
- 3.2 The object of this component is to bolster the Assembly's legislative advisory and oversight systems and revise the rules and regulations that govern its operation.
- 3.3 Specifically, the component will strengthen and reorganize the in-house technical advisory support system, to help legislators, committees, the Governing Board, and political parties work more efficiently. Likewise, through support for the Budget Committee, it will bolster the legislature's national budget control and oversight capabilities.
- 3.4 A special fund, with its own set of operating regulations, will be set up to strengthen the external advisory support system and make it more transparent. (Other conditions) It will afford a flexible means of funding specialized outside consulting services as and when required to analyze draft legislation in areas such as the environment, privatization, concessions, etc.; to produce studies; to organize seminars, workshops, and other gatherings, including those held to discuss proposed legislation with affected communities; and to provide other advisory support and technical input as necessary. The Bank will contribute up to US\$100,000 for the first two years of the Fund's operation. As of year three, once the necessary budget arrangements have been made, funds will come from the Legislative Assembly's budget.
- 3.5 Support also will be provided for the development and introduction of a parliamentary ethics and honor code, which will prescribe rules of conduct and penalties to which legislators will be liable during their term in office. The object is to ensure that the public and private activities of the nation's law-makers are transparent and to convey a positive image of the legislative function to the public so as to win its trust. Internal regulations will be devised for the Assembly, to afford it greater administrative autonomy and give permanent institutional form to the organizational changes envisaged in the proposed project.

3.6 The targets of this first component are:

- a. Legislative and oversight function. (i) Reconfiguration of the legislative support system, grouping the 21 standing committees into eight new technical secretariats divided by work focus, as agreed with the Bank during the analysis mission, and assigning a technical secretary to each (technical files); (ii) support for the eight technical secretariats, including the setting up of a permanent advisory system with an interdisciplinary team, particularly for legal issues and assessment of the economic impact of laws; (iii) establishment of a special fund with its own operating regulations (see Annex III); and (iv) support for the Budget Committee to connect to the budget performance reporting system and to train Committee staff.
- b. Improvement of rules and regulations governing the Assembly and its workings. (i) Drafting and introduction of a parliamentary ethics and honor code; (ii) support for strengthening the Parliamentary Ethics and Conduct Committee, including more stringent disciplinary measures; (iii) organization of a meeting on parliamentary ethics and standards of conduct, with international experts in attendance; and (iv) review and rewriting of the Assembly's internal regulations, and implementation of the amended regulations.

3.7 This component will be carried through with assistance from local consultants (126 consultant-months), international consultants (six consultant-months), and permanent staff of the Assembly. The activity matrix and logical framework in Annex II show the work proposed for this component and its cost. The terms of reference are in the technical files.

2. Legislative analysis, documentation, and information
(US\$410,000)

3.8 This component is designed to inspire trust in the nation's laws, as information on existing legislation is made more readily available, the legislative analysis process is strengthened, the status of bills can be tracked more easily, access to documents is expedited, and a solid legislative information and information-processing system is set in place.

3.9 One aim of the component is to structure a system that will provide complete information on legislation on the books, through organization, streamlined compilations, and periodic publications, with a view to gaining the confidence of the citizenry in the country's laws and expediting the analysis of laws. It would also develop an information-processing system to support and enhance the work of parliament and make it more efficient, notably as regards the tracking of draft legislation and documents using new computer facilities. The Assembly's library and archives are to be converted to a legislative information and documentation center,

with computer access and legal reference materials at the disposal of Representatives and staff and outside users.

- 3.10 Special emphasis will be placed on the system for programming and tracking bills at the first-debate stage. This includes coordination of meeting agendas, summonses, and invitations to and attendance at sessions or public hearings; clause by clause tracking of motions, amendments, and resolutions; reference documents and advisors' reports on bills by subject-matter or clause by clause; seeking of outside policy advice on specific issues and comparative legislation; and facilities for managing texts, records, and communications to expedite the work of the Technical Secretariat and committees.
- 3.11 The goals of this component are as follows:
- a. Creation of a streamlined legal referencing and legislative reporting system. (i) Produce studies for and compile texts of current legislation and associated jurisprudence, and set up databases in that connection; (ii) design a computer-based system, including data management software, classification by topic, and cross-referencing descriptors, with direct on-line access via the Internet (to make the legislature's workings more transparent to the public and NGOs), and outside-user support, including compatible management of documentation on the legislative history of each law; (iii) devise a system for the periodic publication of legislation, which would provide also for the involvement of private publishing houses and printers; and (iv) organize a meeting of experts on legal databases and information-processing.
 - b. Legislative information and documentation systems. (i) Design and institute a system to track draft legislation and associated documents, focusing particularly on the first-debate stage; (ii) set up a system to log and track correspondence, summonses, order papers, records of proceedings, daily digests of debates, and motions; (iii) set up a legislative information and documentation center including a law library and archive, microfilm unit and computer access, and devise regulations for the center's operation; (iv) devise arrangements for the acquisition of reference materials and other information; and (v) stock the center with reference materials and other documents and information.
- 3.12 This component will require assistance from local consultants (104 consultant-months), international consultants (eight consultant-months), and permanent staff of the Assembly. The specific activities proposed and their cost are shown in Annex II. The terms of reference are in the technical files.

3. Improving dialogue and relations with other branches of government and with civil society (US\$534,000)
 - 3.13 The aims of this component are to devise means of showing the country's citizens what the legislature does and gauging their perceptions of the workings of this public body; to build better relations with the other branches of government; and to expedite consensus-building and build the trust of the citizenry in the work of its legislators.
 - 3.14 To that end, ways will be sought to publicize the workings of the legislature, public hearings, and parliamentary debates, to make the text of current laws more widely available, and to remind citizens that they have a right to be heard in the early stages of parliamentary debate. Likewise, arrangements will be devised to gain the confidence of the people in their legislative body and enhance its credibility, and to survey the public on some legislative initiatives.
 - 3.15 Where warranted, arrangements will be made to move the debate on laws into the community, to air specific initiatives in a public forum. The cost of such activities would be defrayed from a revolving fund to be set up as provided in the legislative strengthening component. Efforts also will be made to enhance the public image of the legislature, as the legitimate steward of the passage toward lasting democracy, through dialogue and consensus-building with other branches of government and the citizenry at large.
 - 3.16 This component will target the following two areas:
 - a. Systems to publicize legislative activities and ascertain public perceptions of the Legislative Assembly. (i) Develop a policy governing public relations for the Assembly and dissemination of its work, seeking among other things to build better relations with the media; (ii) launch a television public information campaign, to encourage input from civil society at the early stages of debate on laws, and access to information; (iii) organize a national meeting with the press; and (iv) design and implement a system of half-yearly public opinion surveys, which will elicit *inter alia* the public's perception of the workings of the legislature.
 - b. Building closer relations with other branches of government and with civil society. (i) In the course of the project, hold four meetings to discuss issues of national interest with the other branches of government; and (ii) organize meetings, discussion sessions, and regional workshops pursuant to the regulations of the special fund.
 - 3.17 This component will require support from local consultants (32 consultant-months), international consultants (one consultant-month), and permanent staff of the Assembly. The matrix of

activities proposed and their cost are shown in Annex II. The terms of reference are in the technical files.

4. Strengthening of administration (US\$605,000)

- 3.18 The aim of this component is to endow the Legislative Assembly with better administrative and financial management systems, help develop and bring in a career legislative service law, and set in place an ongoing, sustainable training system.
- 3.19 Specifically, the proposed activities will strengthen and modernize the Assembly's administrative, human resources management, and financial systems, its physical plant, and its support services, making intensive use of computer and data-processing facilities (see technical files). A further goal will be to produce the studies and instruments needed to apply a law on a career legislative service for permanent staff, in line with the General Rules on Career Administrative Service in the Executive Branch.
- 3.20 A final objective of this component is to set in place an ongoing training, refresher training, and professional development system for administrative staff, with preference to career staff, on current rules and procedures, the use of computer and data-processing facilities, and internal administrative and financial control guidelines.
- 3.21 The specific goals under each of the component's main focuses are as follows:
- a. Administrative and financial management. (i) Review the internal administrative organization of the Legislative Assembly and restructure it along functional lines (internal organization chart); (ii) review and streamline administrative and financial procedures; (iii) review and improve administrative manuals, reassign responsibilities, and upgrade computer applications in the administrative and financial areas; (iv) implement, as decided at monitoring meetings, recommendations on the administrative reorganization; (v) set up an Internal Audit Office; (vi) using organizational development techniques, strengthen the Public Relations Office; and (vii) develop and/or purchase software for the Assembly's administrative tasks, such as payroll, budget, and accounting information systems.
 - b. Development and introduction of a career legislative service. (i) Draw up a complete list of the Assembly's staff complement; (ii) conduct studies on job descriptions and classifications, salary scales, and rules for promotion, termination, and recruitment of personnel; (iii) draft a career legislative service law and prepare a study on viable financial alternatives for putting it into practice; (iv) hold a meeting to examine the career legislative service; (v) draft new

personnel regulations; and (vi) introduce the career legislative service in keeping with current personnel budget allotments.

- c. Training. (i) Institute an ongoing, sustainable system to train staff in the new administrative and human resources systems and procedures brought in by the project, with a focus on career staff in the legislature; and (ii) design and deliver programs to train staff in new computer and data-processing equipment and systems funded by the project.

3.22 This component will require support from local consultants (14 consultant-months) and international consultants (28 consultant-months), including a training coordinator for 12 months. Annex II contains a detailed description of the proposed activities and their cost. The terms of reference are in the technical files.

5. Equipment and remodeling and adaptation of premises
(US\$1,090,000)

3.23 Under this component, the Assembly will be provided with computer hardware and other technical equipment, and premises will be remodeled and adapted as required for the proposed activities.

3.24 The two focuses of the component are:

- a. New computer hardware. (i) Physical design and installation of a new information-processing platform; and (ii) supply of the necessary hardware.
- b. Remodeling and adaptation of premises. (i) Production of designs and plans; and (ii) remodeling work (480 square meters) in the Assembly building, including electrical plant.

3.25 Hardware, software, and furniture will be purchased for about 90 work stations, three network systems, and one communications system. A total of 480 square meters of space will be remodeled or adapted to provide the accommodation needed most urgently for project activities. The total cost of construction and associated work is expected to be about US\$340,000, to be funded in its entirety out of the local counterpart contribution (see Annex II).

3.26 An officer on the Assembly's staff will be appointed for 12 months to coordinate the construction and remodeling process. Funds also will be needed to hire a firm of architects to produce studies and design solutions for the remodeling, adaptation, and reallocation of space in the Assembly buildings, and to arrange for the necessary permits, supervise the work, and perform inspections required by the municipality.

B. Cost and financing of the operation

1. Project costs

3.27 The operation is expected to cost, in all, the equivalent of US\$4.1 million. The Bank would contribute the equivalent of US\$2.8 million, and the government would provide the balance of US\$1.3 million equivalent. The following table gives a breakdown of the cost by item of expenditure and funding source.

PROJECT COST AND FINANCING (thousands of U.S. dollars)			
ACTIVITIES	FUNDING SOURCE		TOTAL
	IDB	Govt. of Panama	
1. ADMINISTRATION AND SUPERVISION	20	524	544
1.1.1 Personnel and administration	0	432	432
1.1.2 Outside consultants (UNDP)	0	92	92
1.3. Project evaluations	20	0	20
2. COMPONENTS	2,444	651	3,095
2.1 Strengthening the legislative function	436	20	456
2.2 Legislative analysis, information, documentation	390	20	410
2.3 Improving dialogue and relations	312	222	534
2.4 Strengthening of administration	566	39	605
2.5 Equipment and remodeling of premises	740	350	1,090
3. UNALLOCATED	80	83	163
4. FINANCE CHARGES	256	42	298
4.1 Interest	228	-	228
4.2 Credit fee	-	42	42
4.3 Inspection and supervision	28	-	28
TOTAL	2,800	1,300	4,100

3.28 The project would be implemented and the funds disbursed over four years, calculated from the effective date of the loan contract. This would encompass times for compliance with conditions precedent to the first disbursement, calls for bids and contracting awards, project execution, and final settlement of contracts.

2. Financing arrangements and terms

3.29 The Bank's contribution would be used primarily to defray the cost of outside individual consultants and consulting firms and the cost of training, studies, computer hardware and software, and other equipment, in accordance with the Bank's general rules on use of funds.

- 3.30 The government's contribution would defray all the project's administrative and supervision costs, including the fee charged by the UNDP for its services, as well as construction and ancillary costs to adapt Assembly premises; remuneration, fees, and expenses of local consultants working on the project, and any other cost that cannot be defrayed using the Bank's funds.
- 3.31 The Bank's contribution would be drawn from its ordinary capital. According to the current rules, the terms and conditions of this operation would be as follows: (i) amortization period: 20 years; (ii) interest rate: variable, according to the Bank's interest-rate policy; (iii) disbursement period: 4 years; (iv) credit fee: 0.75% of undisbursed balances; and (v) inspection and supervision charge: 1% of the loan amount.

IV. ORGANIZATION AND IMPLEMENTATION

4.1 The borrower for the proposed operation will be the Republic of Panama, which will service the debt. It will transfer the project funds, on a nonreimbursable basis, to the Legislative Assembly (Committee for Modernization of the Assembly), as executing agency. The project will be implemented for the Assembly by a Project Executive Committee, with assistance from a Technical-Administrative Unit and from the United Nations Development Programme (UNDP). The loan proceeds and counterpart funds will be transferred to the executing agency as the project advances.

4.2 The Modernization Committee was set up by Legislative Assembly Resolution 63 of April 4, 1995, pursuant to an agreement reached with the Bank, to coordinate, monitor, and carry through the modernization project and seek funding from international organizations or interested countries. In preparation for the project the Assembly will form the Executive Committee and hire an Executive Coordinator and support staff as described below, in accordance with position profiles agreed upon with the Bank. (Condition precedent (ii))

A. Project organization

4.3 The Legislative Assembly will be responsible for implementing the project, through the following three bodies.

a. The Committee for Modernization of the Legislative Assembly, as the highest oversight body for the project. All parties holding seats in parliament are represented on the Committee, with support from technical and administrative personnel. The President of the Assembly or official designated by him will sit on the Committee.

b. An Executive Committee for the project, reporting to the Modernization Committee, with the following membership: Chairman of the Modernization Committee; First Vice President of the Assembly; Clerk and/or Deputy Clerk of the Assembly; and the Executive Coordinator of the project, as head of the Technical-Administrative Unit.

c. A Technical-Administrative Unit to assist the Executive Committee. It will be staffed by the Executive Coordinator, two technical officers, and two administrative assistants, to be funded out of the local counterpart contribution.

B. Mandate of the Modernization Committee

4.4 The Modernization Committee, as the body ultimately in charge of the project, will perform the following functions and tasks:

(i) approve and negotiate the plan of operations of the project; (ii) arrange funding for the project; (iii) from the periodic reports it receives, assess progress being made on the project and decide on any adjustments needed; and (iv) take whatever other action is necessary to see the project implemented as planned.

C. Functions of the Executive Committee and the Technical Unit

- 4.5 The functions of the Executive Committee are to (i) set up the Technical-Administrative Unit; (ii) devise a detailed work plan and timetable; (iii) supervise calls for bids and contract awards; (iv) select consultants and approve their contracts, adhering to the project guidelines; (v) monitor the project and submit progress reports to the Modernization Committee and to the Bank; (vi) authorize expenditures and other services contracts; (vii) continually assess the project and hold information meetings with the Bank's Country Office; and (viii) ensure that the covenants of the loan contract are fulfilled and provide the Bank each year with monitoring reports on the project, including reports of external auditors.

D. Implementation arrangements

- 4.6 The project is to be implemented by the Executive Committee. In light of institutional weaknesses in the Legislative Assembly, it has been agreed with that body that UNDP will be engaged to assist with the hiring of consulting and other services, equipment procurement, and administration of training activities. However, it has likewise been agreed that the contract with UNDP is to provide for the gradual transfer to the Assembly of responsibilities for contracting and procurement, so the Assembly may build up project-management capabilities.
- 4.7 The government thus has requested authorization to work with UNDP, under an administration agreement, to draw also on that agency's successful experiences in Panama and in other projects funded by the Bank and other multilateral organizations. Local counterpart funds will be used to pay UNDP for its services. It is therefore recommended that one condition precedent to disbursement of the proposed loan be that the government, through the Legislative Assembly, demonstrate to the Bank's satisfaction that it has signed the agreement with UNDP. (Condition precedent (i))

E. Project supervision

- 4.8 The Modernization Committee will supervise the project's execution. The Executive Committee and Technical-Administrative Unit, with UNDP assistance as applicable, will report every six months on the physical advance of the project and its financial status. These reports are to contain basic documentation for use in assessing the project's performance and deciding on corrective action where required (see paragraphs 6.3 and 6.4).

F. Financial statements

- 4.9 Within 120 days after the end of each fiscal year for the duration of the project, the Executive Committee, on behalf of the Assembly, is to present financial statements showing the use of the Bank's funds and the local counterpart. The agreement between the government and UNDP will set out the latter agency's obligation to present the project's financial statements in timely fashion, duly audited by the Office of the Comptroller General of the Republic in accordance with the Bank's requirements. (Other conditions)

G. Retroactive financing

- 4.10 It is expected that the Legislative Assembly will begin some of the activities envisaged in the project before it is approved by the Bank, at a total cost of US\$80,000 equivalent. The government has asked the Bank to recognize these outlays as follows: up to the equivalent of US\$20,000 against the local counterpart contribution, for setting up the coordinator and Technical-Administrative Unit and to defray costs for administration, design, and remodeling of premises; and up to US\$60,000 against the Bank's loan, to produce the studies for the project. These costs would be accounted for in accordance with the Bank's rules for such expenditures, i.e., provided they were incurred after July 1, 1995. After reviewing the information provided, the project team has concluded that the Bank's procedures have been adhered to and the proposed activities would therefore be eligible for retroactive financing. (Other conditions)

H. Procurement

- 4.11 There are no plans to use proceeds of the Bank's loan to tender construction contracts. The only construction work planned (remodeling and adaptation of office space) will be funded from the local counterpart. Computer hardware and software would be acquired through one international call for bids valued at about US\$580,000 and one local tender call for support equipment, for approximately US\$130,000. To engage consulting services, there would be one international call for proposals valued at around US\$320,000 and two local calls for proposals worth about US\$460,000. The following table gives a breakdown of the procurement plan.

Main procurement items	Financing %		Mode *	Pre-quali- fica- tion	Expected SPN publication date
	IDB	Local			
(i) <u>Strengthening of administration</u> - Administrative reorganization. Implementation of recommendations. Total all-in cost US\$320,000 (approx. 16 person-months) - Development and introduction of a career legislative service. Total cost US\$170,000 (approx. 9 person-months, all work)	100%	-	ICP	Yes	Second half 1996
	50%	50%	LCP	No	Second half 1996
(ii) <u>Analysis, documentation, information</u> - Review and streamlined compilation of legislation, establishing current texts. All-in cost US\$290,000 (approx. 100 person-months over 36 months)	70%	30%	LCP	Yes	First half 1997
(iii) <u>Equipment and remodeling of premises</u> - Physical design and procurement of equipment for new information-processing platform. All-in cost US\$580,000 (approx. 16 person-months, including equipment listed in Annex II) - Electrical and air-conditioning plant. US\$130,000, including installation	100%	-	ICB	Yes	First half 1997
	70%	30%	LCB	No	Second half 1996
* ICP: international call for proposals LCP: local call for proposals ICB: international competitive bidding LCB: local competitive bidding					

4.12 International competitive bidding will be required for contracts using the proceeds of the financing that are worth over US\$350,000 equivalent for equipment and over US\$200,000 equivalent for consulting services. Calls for bids for consulting services and contract awards thereunder must follow the Bank's procedures, which will be described in annexes appended to the loan contract.

I. Environmental impact

4.13 The Bank's Environment Committee, at its meeting of January 30, 1996, classified the proposed project as a Category II operation. In the aggregate, the activities described in components 1, 2, and 3 are expected to benefit the making and implementing of environmental laws in Panama.

J. Participation of women

4.14 Among its activities, the project would support initiatives introduced by the Assembly pertaining to laws to protect women, and those currently being pursued by the new Commission on Women's Affairs, Rights of Children, Youth, and the Family.

- 4.15 As each of the project's components is implemented, special attention will be given to the involvement of women in the respective activities and the benefits accruing to women, notably in the components providing for studies, forums, workshops, participation in debates, strengthening of administration, ongoing training, information campaigns, and professional development. Among the reference materials to be furnished to the Documentation Center will be those pertaining to laws on domestic violence, property ownership, professional development, leadership, and participation, and other issues of importance to women.

K. Project evaluation and progress reporting

- 4.16 Progress on the project will be assessed continually, on the basis of a number of reports and evaluation exercises described below. The Country Office in Panama, which will have basic administrative responsibility for the project, will perform the periodic reviews. Reports will be drawn up by the executing agency and sent to the Bank according to the agreed work plan. The Legislative Assembly is to present the following reports, with a copy to Bank headquarters. (Other conditions)

1. Initial report (work plan)

- 4.17 As a condition precedent to the first disbursement, the executing agency must present a work plan for the project, based on the matrix of activities agreed upon with the Bank, with a timetable for completing the different components and tasks. The plan is to describe each activity and state indicators, means of verification, and assumptions in each case. (Condition precedent (iii))

2. Progress reports and monitoring meetings

- 4.18 The Bank will require six-month progress reports on the project throughout its execution, to be submitted within 30 days after the end of each six-month period. The reports are to outline actual versus scheduled progress and set out the work plan for the following six months. Revised lists of training activities and of procurement and consulting contracts for the period in question are to be appended to each report.
- 4.19 As one element in the project monitoring arrangement, meetings are to be held with the project team once a year, not later than the month following the installation of the Assembly's new Governing Body. At these meetings the parties will review the progress reports and the advance of the project, decide on changes needed, if any, and assess outcomes at each stage. During the project implementation period the Bank will use time from other missions scheduled for other purposes to assist with technical supervision.

3. Interim evaluation

- 4.20 An interim evaluation is to be conducted by an independent consultant within six months after the end of year two of the project, on the basis of the progress, mission, and evaluation reports presented as of that date. (Other conditions)

V. BENEFITS, SUSTAINABILITY, AND RISKS

A. Benefits

- 5.1 Concentrating as it does on the Assembly's law-making, political representation, oversight, and administrative functions, the project will help solidify democracy and improve the workings of the State. It will make information on current legislation more widely available, strengthen the analysis process that leads up to the making of new laws, and help publicize the role of the legislative branch in the nation's economic, social, and political transformation process.
- 5.2 In the medium term, the project will improve the quality and timeliness of the legislature's work and make it more relevant, and will help streamline spending and make for more efficient use of budget resources. Lastly, the project will help inspire confidence in the nation's laws, by making available more and better legal information to prospective local and foreign investors, among others.

B. Sustainability of the project

- 5.3 A number of elements built into the program should help ensure that its benefits will be sustainable after its completion. First, the planned institutional arrangements are intended to afford permanent political support for the project through a multi-party in-house Modernization Committee. Second, direct supervision of the project is to be delegated to an Executive Committee, so changes and recommendations can be made part of the Assembly's institutional fabric and the project will not be held up by the day-to-day bureaucratic and political discussions that are part of the ordinary workings of any parliament. Third, the project's training component is designed to give continuity to its activities. And lastly, a special fund of US\$100,000 will be set up and progressively taken over by the Legislative Assembly to ensure that training and advisory support services will continue to be available.

C. Risks

- 5.4 One focus of this operation is the rewriting of rules and regulations governing the Assembly's own operations and those of its committees, including the establishment of a career legislative service and a parliamentary code of ethics. This could present difficulties if the very broad consensus required among legislators were not forthcoming. To allay this risk, the Assembly has set up a Modernization Committee, with members from all parties represented in the Assembly, which will in turn work through an

Executive Committee and a team of technical officers who will be counterparts to the consultants and the Bank.

- 5.5 Problems also could arise in the area of adaptation and acceptance of proposals for reorganization of the Assembly and introduction of modern systems and methods, and this in turn could delay some of the project's activities. To avert this contingency, support will be sought from the outset from the Assembly's highest authorities, particularly the Modernization Committee, and the project's objectives and expected benefits will be amply publicized within and outside the Assembly.

PANAMA
PROJECT TO MODERNIZE THE LEGISLATURE
(PN-0078)
MANDATE AND ORGANIZATION OF THE LEGISLATIVE ASSEMBLY,
AND THE LAW-MAKING PROCESS IN PANAMA

Mandate of the Legislative Assembly under the Panamanian Constitution

Panama's Constitution defines the nation as a sovereign, independent state with a unitary, republican, democratic, representative government. Accordingly, the government's power comes from the people and is exercised by the State through executive, legislative, and judicial branches. The legislative branch takes the form of a corporation known as the Legislative Assembly, a unicameral body whose members are elected through a system of party nominations and by direct popular suffrage. Representatives and their alternates are chosen through a system of electoral districts ("circuits") that make for proportional representation, as votes are transformed into parliamentary seats.

Pursuant to the Constitution, the Legislative Assembly makes laws and performs oversight, administrative, and representative functions. Specifically, it enacts and amends national laws and codes, oversees the workings of the other branches of government, administers its own operations, and represents the interests of constituents, political parties, and society at large.

The Assembly operates through standing committees and special, temporary or ad hoc committees, described in the technical files. The number of these committees and their respective mandates is a reflection of the division of work agreed upon among the various parties sitting in Parliament.

Panama's Legislative Assembly, like parliaments everywhere, has a further function that is not expressly set out in the Constitution or the nation's laws but makes it pivotal to a democratic system. As a body of directly and popularly elected representatives of a range of political persuasions, chosen from among candidates put forward by their parties, the Assembly is the ultimate forum for national political debate.

Organization of the Legislative Assembly

The Assembly consists of the Plenary (full Assembly), the Governing Board, 21 standing committees, and other temporary, special or ad hoc committees. One such ad hoc group is the Special Committee for Modernization of the Legislative Assembly, which was set up in April 1995 with representatives of all parties holding parliamentary seats, with a mandate through 1999, to prepare the proposed operation and see that it

is carried through. This organization structure is governed by the internal regulations of the Assembly and by resolutions of its Governing Board, particularly for the different departments and administrative staff. The current structure has been carried over from the previous Assembly (1990-1994), with some changes implemented during a USAID-backed strengthening program from 1991 to 1993.

The Governing Board is elected annually by the legislators, except for the Clerk of the Assembly, who is an administrative official serving for the term of each Assembly. The makeup and chairmanship of standing committees also change yearly. Legislative support and administrative departments are grouped into four branches and the Internal Audit Office. Department heads and chiefs are employees in positions of trust; there is no career administrative service in the legislature.

Each committee has a chairman, a vice chairman, and a secretary, elected from among its seven member legislators (the Budget Committee, as an exception, has 15 members), and receives support from a department that supplies it with two or more parliamentary secretaries. The 21 committees have different agendas, and some are much busier than others. This has prompted frequent turnover of technical support staff, there being no specialized technical-legislative secretary appointed permanently to each committee or group of committees.

The Assembly's staff fall into different categories:

Assembly Representatives and their alternates, who are elected by popular vote every five years through a system of party nominations.

Authorities elected by the Assembly from among its number at a session of the full Assembly, and officers of each standing committee, appointed for one-year terms.

Department directors and chiefs, who occupy administrative positions of trust and may be removed at pleasure, particularly when the President of the Assembly changes each year.

Professional, technical, administrative, and general services staff and aides, some of whom have indefinite-term contracts and others who work on term contracts, to whom the proposed career legislative service system would apply.

Support staff for individual Representatives paid for by the Assembly but serving at the Representative's pleasure.

Advisors and specialists retained on a fee basis to afford direct support to parliamentary officials and parties, entirely on a position of trust basis and with no assurance of continuing employment.

How laws are made

Bills are debated in the legislature at three stages. The phase of the law-making process in greatest need of strengthening and tracking is the first stage – before and during first debate – when bills are before standing committees. According to the rules of the Assembly, committees have 10 days in which to complete their review, with one 10-day extension allowed. The term can be extended by declaring a recess, which for all intents and purposes suspends the process. This provides a margin of time in which to assemble and examine new information. For the first debate of each bill, legislators receive a preliminary analysis from the Legal and Technical Advisory Office, which offers an opinion and references as to current legislation that stands to be affected by the proposed new law.

After the bill passes first debate, the committee in question approves, rewrites, or rejects it. If the bill is passed in committee, it moves on to second debate in the full Assembly. If it is rejected, it may nevertheless go on to second debate if a majority of the Assembly overrides the rejection and approves the bill. The third debate, also in the full Assembly, centers on whether the bill should or should not be adopted as read in the second debate. No changes are allowed at this stage.

PROJECT TO MODERNIZE THE LEGISLATURE (PN-0078)
MATRIX OF ACTIVITIES,COSTS, AND DURATION

Component: Strengthening of the legislative function

component	Outcomes	Cost (US\$000)	Duration (months)
organize the technical	<u>Law-making and oversight function</u> - Restructuring of the legislative support system, grouping 21 standing committees into eight new technical secretariats divided by work area, as agreed with the Bank during the analysis mission, with a technical secretary assigned to each - Support for the eight technical secretariats, including a new permanent advisory system including an interdisciplinary team, particularly for legal issues and assessment of the economic impact of draft legislation	120 120	24 48
and to hire nts, produce workshops and	- Establishment of a special fund with its own set of regulations - Design and creation of the Fund - Resources for the Fund	10 100	1 -
get Committee's ht capabilities	- Support for the Budget Committee for connection to the budget execution information system and training for this Committee's staff - Design of the system - Training of Committee staff (15 people)	2 10	1 1
e a parlia- honor code	<u>Improvements to rules and regulations governing the workings of the Assembly</u> - Drafting of a parliamentary ethics and honor code - Support to strengthen the Parliamentary Ethics and Honorable Conduct Committee, including more stringent disciplinary provisions, and introduction of the Code - Organization of a meeting on parliamentary ethics and honorable conduct, with the participation of four international experts	20 24 20	2 4 1 week
ly's internal	- Review and rewriting of the internal regulations of the Assembly and implementation of the amended regulations - Review and rewriting - Implementation	20 10	2 2
	Total	456	

)=Local

PROJECT TO MODERNIZE THE LEGISLATURE (PN-0078)
MATRIX OF ACTIVITIES,COSTS, AND DURATION

Component: Strengthening of administration

component	Outcomes	Cost (US\$000)	Duration (months)
modernize administrative systems	<u>Administrative and financial management *</u> <ul style="list-style-type: none"> - Reorganization and rewriting of functions of administrative workings of the Legislative Assembly (internal organization chart) - Review and streamlining of administrative and financial procedures - Review and improvement of administrative manuals, rearrangement of responsibilities, upgrading of computer applications in the administration and finance area (budget and accounting; human resources; purchasing and stores; maintenance; general services) - Implementation of the administrative reorganization recommendations, as decided at monitoring meetings - Creation of an Internal Audit Office - Use of organizational development techniques to strengthen the Public Relations Office - Development and/or purchase of software for the administration area, such as payroll, budget, and accounting information systems 	320	8
implement a career legislative service	<u>Development and institution of a career legislative service *</u> <ul style="list-style-type: none"> - Compilation of complete staff complement - Studies on job descriptions and classifications, salary scales, rules governing promotion, termination, and recruitment - Drafting of a law on career legislative service, with a study of viable financing alternatives for its implementation - Drafting of new personnel regulations - Introduction of a career legislative service, within the current budgetary allotments for personnel - Organization of a meeting to examine the career legislative service (cost of international experts) 	170	36
and professional training	<u>Training</u> <ul style="list-style-type: none"> - Set up an ongoing, sustainable training system on the basis of the administrative and personnel reforms pursued by the project, with an emphasis on career legislative staff - Development and delivery of training on new computer and data-processing facilities to be set up with project funds (local consultant-coordinator) 	24	2
		36	36
	Total	605	

to a consulting firm (I)=International (L)=Local

Component: Legislative analysis, documentation, and information

Component	Outcomes	Cost (US\$000)	Duration (months)
Furnish information on current laws and develop an information-processing system to assist the legislature	<p><u>Review and streamlined compilation of legislation in force and expediting of access to information on current laws *</u></p> <ul style="list-style-type: none"> - Studies and compilations to establish the texts of current laws and associated jurisprudence, with databases created to that end - Design of an information-processing system including management software, classification by topic, and cross-referencing descriptors, direct on-line network and Internet access, and external-user support, including compatible management of documentation on the legislative history of each law - Institution of a system of periodic publication of legislation, including arrangements that would enable private publishing houses and printers to participate - Organization of a meeting of experts on legal databases and information-processing (four international experts/one week) 	290	36
Library and archives	<p><u>Legislative information and documentation systems</u></p> <ul style="list-style-type: none"> - Creation and issuance of regulations governing a legislative information and documentation center, comprising a library, archive, microfilm unit, and legislative information-processing unit; definition of procedures for procurement of reference materials and other information 	10	3
	<ul style="list-style-type: none"> - Supply of reference material (4,000 publications) 	50	48
For programming	<ul style="list-style-type: none"> - Design and implementation of a system to track bills before the legislature and associated documentation, especially at the first-debate stage 	30	3
Debates on bills	<ul style="list-style-type: none"> - Establishment of logging and tracking systems for correspondence, citations, order papers, records of proceedings, daily digest of debates, and motions 	10	2
	Total	410	

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PROJECT TO MODERNIZE THE LEGISLATURE (PN-0078)
MATRIX OF ACTIVITIES,COSTS, AND DURATION

Component: Equipment and remodeling/adaptation of premises

component	Outcomes	Cost (US\$000)	Duration (months)
and other	<u>Physical design and installation of a new information-processing platform 1/</u>	-	14
	- Specialized technical advisory support, including development of bidding documents 2/	56	6
	- Two servers (network, database)	50	
d installation of	- Installation of mass legislative data storage system	50	
ware needed for	- Installation of 90 new work stations	144	
d components	- Replacement of 16 hardware items	25	
	- Upgrading of capacity of 80 stations (memory, network cards)	40	
	- Printers	40	
	- Network installation of utility and office automation software	120	
	- Support equipment (back-ups, hubs, routers, wiring, etc.)	55	
	- Training in the new systems	30	5
adaptation of	<u>Remodeling/adaptation of premises 3/</u>		
quired for the	- Completion of designs and plans	10	3
onents, and	- Area of Legislative Assembly building slated for remodeling (480 square meters, including construction designs for the work, construction drawings and supervision)	340	12
ent for the	<u>Special equipment 4/</u>		
ng	- Central air-conditioning, Assembly chamber, lower mezzanine	90	3
	- Emergency electrical plant, Assembly chamber and President's offices	40	3
	Total	1,090	

tendered internationally (I)

ls for proposals (L)

ll proceed with expansion work begun with its own funds, costing about US\$630,000.

PROJECT TO MODERNIZE THE LEGISLATURE (PN-0078)
MATRIX OF ACTIVITIES,COSTS, AND DURATION

Improving dialogue and relations with other branches of government and with civil society

component	Outcomes	Cost (US\$000)	Duration (months)
of the hearings, es, and current	<u>Systems for publicizing the work of the legislature and ascertaining its image</u> <ul style="list-style-type: none"> - Development of Assembly policies on public relations and publicizing of its work, including better media relations - A television information and promotional campaign to elicit civil society participation during first debates on bills <ul style="list-style-type: none"> - Design, announcements (weekly) - Execution - Organization of a national meeting with the press - Design and implementation of a system of semiannual public opinion surveys (total eight surveys at US\$30,000; 1,500 respondents) 	10 64 140 240	1 4 4 4
ing the ive activities rein, and survey islative			
ws and ves	<u>Strengthening of relations with other branches of government and with civil society</u> <ul style="list-style-type: none"> - Organization of four meetings in the course of the project to discuss issues of national interest with the other branches of government (100 people/2 days) 	60	1 week
by's image and p for ongoing dation of dialogue and with other ment	<ul style="list-style-type: none"> - Organization of regional workshops, debates, and other forums, in accordance with the regulations of the revolving fund (using resources of the fund) 	-	-
	Total	534	

)=Local

PROJECT TO MODERNIZE THE LEGISLATURE (PN-0078)
LOGICAL FRAMEWORK

Component: Strengthening of the legislative function

INPUTS AND ACTIVITIES	INDICATORS	OUTCOMES	ASSUMPTIONS
<p>Strengthening of the legislative support services for the planning and oversight functions, and of rules and regulations for legislation</p> <p>Reorganize the system in place in technical advisory support</p> <p>Revolving fund to hire consultants, produce studies, and conduct workshops</p> <p>Budget Committee's control and staff</p>	<ul style="list-style-type: none"> - House resolution setting up the technical secretariats - Reorganization of the Legal and Technical Services Department - Approval of profiles for secretariat and advisory staff - Hiring and reassignment of appropriate personnel - Year 1997 - four secretariats in operation - Year 1998 - all eight secretariats in operation - 1998 budget, with Fund set up and its regulations in place - 1998 budget, with program in place 	<p><u>Legislative support and oversight function</u></p> <ul style="list-style-type: none"> - Reorganization of system of legislative support, grouping the 21 standing committees into eight new technical secretariats divided by area of work, as agreed with the Bank during the analysis mission, with a technical secretary assigned to each - Support for the eight technical secretariats, including a new system of ongoing advisory support with an interdisciplinary team, notably on legal issues and assessment of the economic impact of proposed legislation - Setting up of a special fund with its own set of regulations - Support for the Budget Committee for connection to the budget execution information system, and training for the Committee's staff 	<ul style="list-style-type: none"> - Continuing commitment to analysis - Authorization of vacancies - Comptroller General approval and creation - Political commitment for the coordination of integration of information-procedures in the government
<p>Develop a parliamentary ethics and honor code</p> <p>Strengthen the Assembly's internal regulations</p>	<ul style="list-style-type: none"> - Consultants hired - Law drafted - Regulations for the Code in place - Implementation with advisory support - Ethics Committee strengthened - Meeting held - Consultants hired - Detailed study setting out spheres of responsibility 	<p><u>Strengthening rules and regulations governing the Assembly's workings</u></p> <ul style="list-style-type: none"> - Development and introduction of a parliamentary ethics and honor code - Support for strengthening of the Parliamentary Ethics and Honorable Conduct Committee, including more stringent disciplinary provisions - Organization of a meeting on parliamentary ethics and honorable conduct, with the participation of international experts - Review and rewriting of the Assembly's internal regulations and implementation of the amended regulations 	<ul style="list-style-type: none"> - Commitment of Modernization Commission for approval - Commitment to apply the code - Qualified specialized advisors - Willingness to adopt the changes

PROJECT TO MODERNIZE THE LEGISLATURE (PN-0078)
LOGICAL FRAMEWORK

Component: Strengthening of administration

OBJECTIVES AND ACTIVITIES	INDICATORS	OUTCOMES	ASSUMPTIONS
Strengthening of administration Assembly's administrative and financial systems, assist with the introduction of a law on a career legislative service and set in place an ongoing, monitoring system			<ul style="list-style-type: none"> - Political commitment to approve and implement recommendations for reorganization
Upgrade administrative and financial systems	<ul style="list-style-type: none"> - Consulting contracts tendered before end 1996 - Consulting firm hired, first half 1997 - Proposal presented, first quarter 1998 - Approval received and implementation started, second quarter 1998 - Resolution establishing Internal Audit Office, second quarter 1998 - Payroll, budget, and accounting programs installed, second quarter 1998 	<u>Administrative and financial management</u> <ul style="list-style-type: none"> - Reorganization of the Assembly and rewriting of administrative functions (internal organization chart) - Review and streamlining of administrative and financial procedures - Review and upgrading of administrative manuals, reassignment of responsibilities, upgrading of computer applications in the administration and finance area (budget and accounting; human resources; purchasing and stores; maintenance; general services) - Implementation of administrative reorganization recommendations as decided at monitoring meetings - Creation of an Internal Audit Office - Use of organizational development techniques to strengthen the Public Relations Office - Development and/or purchase of software for the administrative area, such as payroll, budget, and accounting information systems 	<ul style="list-style-type: none"> - Specialized firm able to install systems within the Assembly's staff
Develop and implement a career legislative service	<ul style="list-style-type: none"> - Consulting contracts tendered before end 1996 - Consulting firm hired, first half 1997 - Law drafted, second half 1996 - Signature proposed, second half 1997 - Meeting held, second half 1997 - Implementation begun, second half 1997 	<u>Development and institution of a career legislative service</u> <ul style="list-style-type: none"> - Compiling of a total staff complement - Studies on job descriptions and classifications, salary scales, rules for promotion, termination, and recruitment - Drafting of a law on a career legislative service, with a study of viable financing alternatives for its implementation - Organization of a meeting to examine the career legislative service - Development of new personnel regulations - Introduction of a career legislative service, under current budgetary allotments for personnel 	<ul style="list-style-type: none"> - Continuing political commitment - Qualified advisors - Commitment to approve and implement recommendations

VES AND ACTIVITIES	INDICATORS	OUTCOMES	ASSUMPTIONS
and professional development	<ul style="list-style-type: none"> - Consultant hired, first half 1997 - Training plan approved, first half 1997 - Training advisor/coordinator hired, first half 1997 	<u>Training</u> <ul style="list-style-type: none"> - Establishment of an ongoing, sustainable training system on the basis of the administrative and human resources improvements pursued by the project, with an emphasis on career legislative staff - Development and delivery of training on new computer and information-processing facilities to be set in place by the project 	<ul style="list-style-type: none"> - Qualified consultants

PROJECT TO MODERNIZE THE LEGISLATURE (PN-0078)
LOGICAL FRAMEWORK

Component: Legislative analysis, documentation, and information

VEES AND ACTIVITIES	INDICATORS	OUTCOMES	ASSUMPTIONS
<p>legislative analysis, documentation,</p> <p>certainty in Panama by better ngthening capabilities for the legislation, tracking proposed o documentation, and building information and information-</p> <p>publicize the laws in force in</p> <p>then an information-processing s before the legislature</p>	<ul style="list-style-type: none"> - Consulting firm selected, first half 1997 - 22,910 Official Gazettes compiled and reviewed, first half 1998 - Databases installed, second half 1998 - Publication system tendered, first half 1999 - Meeting of experts, second half 1997 	<p><u>Review and streamlined compilation of laws in force and establishment of a system to expedite access to information on current legislation</u></p> <ul style="list-style-type: none"> - Studies and compilations to establish the text of current legislation and associated jurisprudence, setting up databases in that connection - Design of an information-processing system, including management software, classification by topic and cross-referencing descriptors, direct on-line network and Internet access, and support for outside users, including compatible management of documentation on the legislative history of each law - Establishment of a system for periodic publication of legislation, including devising ways to involve private publishing houses and printers - Organization of a meeting of experts on legal databases and information-processing 	<ul style="list-style-type: none"> - Qualified consultants - Commitment on the part of the involved to exchange information - Political commitment
<p>ary and archives into a on and documentation system</p> <p>or programming and tracking s</p>	<ul style="list-style-type: none"> - Consultant hired, first half 1998 - Information center set up and operating, second half 1998 - 4,000 publications acquired by second half 1999 - System in place, first half 1998 	<p><u>Legislative information and documentation systems</u></p> <ul style="list-style-type: none"> - Establishment of systems for logging and tracking correspondence, summonses, order papers, records of proceedings, daily digests of debates, and motions - Setting up and issuance of regulations governing a legislative information and documentation center consisting of a library, archives, microfilm unit and legislative information-processing unit - Determination of procurement methods for reference materials and other information - Supplying of reference materials - Design and implementation of a system for tracking laws on their way through the legislature and documentation thereon, focusing particularly on first-stage debate 	

PROJECT TO MODERNIZE THE LEGISLATURE (PN-0078)
LOGICAL FRAMEWORK

Equipment and remodeling/adaptation of premises

OBJECTIVES AND ACTIVITIES	INDICATORS	OUTCOMES	ASSUMPTIONS
<p>Equipment and remodeling/adaptation of premises</p> <p>the project by supplying and other technical equipment and remodeling premises to adapt them to project activities</p> <p>Computer hardware needed for the project above</p>	<ul style="list-style-type: none"> - Contract for consultant to prepare designs and bidding conditions tendered, second half 1996 - Bids awarded second half 1997 - Two servers (network, database) - Mass legislative data storage system installed - 90 new work stations installed - 16 hardware items replaced - Capacity upgraded at 80 stations (memory, network cards) - Printers (72) - Utility and office automation software installed on the network - Support equipment (back-ups, hubs, routers, wiring, etc.) - 40 employees trained 	<p><u>Physical design and installation of new information-processing platform</u></p> <p>- Training in new systems</p>	<ul style="list-style-type: none"> - Qualified consultant - Qualified consultant
<p>Remodeling and adaptation of premises in existing building to carry out the project</p> <p>Supply of special equipment for remodeling</p>	<ul style="list-style-type: none"> - Plans designed, second half 1996 - Contracts let for remodeling work, second half 1997 - Equipment tendered, second quarter 1996 - Equipment delivered, first half 1997 	<p><u>Remodeling work 1/</u></p> <ul style="list-style-type: none"> - Completion of designs and plans - Area to be remodeled in legislature building (480 square meters, including construction designs and drawings and supervision) <p><u>Special equipment</u></p> <ul style="list-style-type: none"> - Central air-conditioning for Assembly chamber, lower mezzanine - Emergency electrical plant, Assembly chamber and President's offices 	<ul style="list-style-type: none"> - Assembly completes expansion work - Substantial progress made on remodeling Assembly building

Will proceed with expansion work already under way, using its own funds, at a cost of about US\$630,000.

PROJECT TO MODERNIZE THE LEGISLATURE (PN-0078)
LOGICAL FRAMEWORK

Improving dialogue and relations with other branches of government and with civil society

OBJECTIVES AND ACTIVITIES	INDICATORS	OUTCOMES	ASSUMPTIONS
<p>Improving dialogue and relations with other branches of government and with civil society</p> <p>Systems to publicize the legislature's work among the populace, and relations with the other branches of government, and forums for consensus-building and trust in the work of legislators</p> <p>Work of the legislature, public relations, legislative debates, and current laws</p> <p>Increasing public confidence in the legislature, and seeking public participation in legislative initiatives</p>	<ul style="list-style-type: none"> - Consultant hired, second half 1996 - Information campaign designed, second half 1996 - Campaign launched, second half 1996 - Survey designed, second half 1996 - First survey conducted, first half 1997 (1,500 respondents) 	<p><u>Systems to publicize the work of the legislature and ascertain its image</u></p> <ul style="list-style-type: none"> - Development of Legislative Assembly policies on public relations and publicity on its work, including better media relations - Television campaign to inform the public of the work of the legislature and elicit civil society participation at early stages of parliamentary debate - Organization of a national meeting with the press - Design and implementation of a system of semiannual public opinion surveys 	<ul style="list-style-type: none"> - Qualified consultant - Political commitment
<p>Debate and discussion of legislative initiatives</p> <p>Strengthening the legislature's image and strengthen relations with other branches of government, through dialogue and seeking consensus</p>	<ul style="list-style-type: none"> - First meeting held, first half 1996 (100 people, two days) - Start-up of Fund use 	<p><u>Strengthening of ties with other branches of government and with civil society</u></p> <ul style="list-style-type: none"> - Organization of four meetings in the course of the project to discuss issues of national interest with other branches of government - Organization of regional workshops, forums, and debates in accordance with regulations of the revolving fund 	<ul style="list-style-type: none"> - Political commitment of State branches - Fund and its regulations in place

PANAMA

PROJECT TO MODERNIZE THE LEGISLATURE
(PN-0078)

ESTABLISHMENT AND OPERATION OF A SPECIAL FUND

Primary objective: To set up a special fund (hereinafter the "Fund"), with its own set of operating regulations, as an expeditious means of defraying the cost of legislative studies and activities designed to move the legislative agenda forward. This facility would be funded out of the Legislative Assembly's budget and from other sources, and would be administered under ad hoc regulations. It would be a quick, flexible means of engaging consultants and commissioning specialized studies needed by legislative committees.

Background

Legal foundation: Among the rules governing the national budget is a provision for "programs" in the budget, denoting sets of activities that pursue a specified common goal and institutional policies and which therefore warrant separate mention and separate financial and programming control.

The current (1995) budget, published in the Official Gazette on December 31, 1994, includes programs of this type for agencies and ministries, which are shown as a lump-sum item in the capital budget. There are as yet no such programs specified for the Legislative Assembly, but some do appear under the Office of the Comptroller General as "Upgrading of Computer Systems", under the Office of the President of the Republic as "Building Expansion and Improvements", "Program of the President's Office", "Emergency Social Fund", etc.

The budget of the Ministry of Economic Planning and Policy (MIPPE) contains entries for the following programs, among others: "Preinvestment Fund", "Community Works Projects of the 511 Representatives", "Economic Program Studies", "Modernization of the Budgeting Process", and "Management Information Systems for Government".

Programs appearing as lump-sum items in the capital budget are treated like those shown as individual capital projects, i.e., each project is broken down by cost object, and this information is given to the MIPPE and the Comptroller's Office to steer and monitor budget execution. The Assembly's program can be separated into studies and advisory support as needed for its internal workings and for objectives of the program, that is, separating out planned expenditures by components as though they were projects.

ANNEX III

Page 2 of 5

During execution, each component/project supplies part of the code for commitments of funds and to direct that checks be issued to contractors or consultants or to those from whom studies have been commissioned under a specific contract.

The object classification used for the budget also supplies group 9 of Lump-sum Appropriations, which encompasses a number of items, for instance 970: Community Works Projects; 980: Representatives' Projects; 990: Other Lump-sum Appropriations. This, then, is a further option to expedite arrangements for a legislative studies program.

From a financial management standpoint, the configuration of a program of the type just described would justify to the Office of the Comptroller the need and advisability of operating it through a special account, in the form of a revolving fund, with Banco Nacional de Panamá. There exists a procedure and general rules for opening such accounts and operating revolving funds, whatever their purpose.

It should be noted that the authorities discourage the proliferation of such funds and accounts, so as to avoid risks in handling them or having funds sit idle in earmarked current accounts. The usual procedure is to determine a base amount for the fund and authorize lump-sum drawings of Treasury funds for credit to the account, which can be drawn on thereafter by authorized persons who have posted a bond to that end. As the account balance declines (for instance, when the balance stands at 50% of the authorized ceiling), arrangements must begin to replenish it, through a new lump-sum drawing of Treasury funds, within a set time-frame and with a payment date specified in the disbursement schedule.

Determination of size of the Fund

As part of the preparations for the proposed operation, the current legislative agenda (bills in process and seeking approval) was reviewed with the Assembly. Given the complexity and wide range of items on the agenda, which encompasses about 54 pending bills – 15 of them dealing with substantive issues – it was concluded that a fund needed to be set up to expedite this process.

Stages in setting up the Fund

Required activities: The successive stages that would be required to set up the Fund, and the duration of each, are as follows.

- a. Finish drafting and review the proposed operating regulations for the program and for the Fund, to make them compatible in terms of general requirements for the management and control of public funds, with the administrative autonomy and flexibility that will be essential for both. This includes consultations with the Modernization Committee of the Legislative Assembly and specific input from the Assembly's Legal and Technical Advisory Office, as

well as the Office of the Clerk, Director of Legislative Affairs, and Director of Administration and Finance. The Office of the Comptroller General also will perform a preliminary review of the revised text. Duration: one month.

- b. Present the proposed operating regulations of the program and of the Fund to the authorities for in-house and external approval (including Bank approval); provide advisory support during this process, and seek to maintain program and Fund features and consistency even if changes are made. Duration: one month.
- c. Complete the usual procedures and fulfill standard requirements to place the Fund formally in operation.
- d. Provide information on the content and operation of the program and of the Fund to Assembly committees and to staff in the legislative support and administration and finance areas who will be involved, to apprise them of the rules and procedures. Duration: two weeks.

Recommendations on operating regulations for the Fund

A draft set of operating regulations for the Fund is appended to this annex. The main recommendations for use of the Fund are as follows:

- a. The Modernization Committee will draw up six-month plans for use of the Fund.
- b. To be eligible for financing from the Fund, an activity must be included in the six-month plan in question, which must have been approved by the Bank.
- c. To be eligible for financing from the Fund, an activity must pertain directly to the legislative agenda agreed upon by Assembly authorities.
- d. For every activity financed out of the Fund there must be a detailed plan showing terms of reference, preliminary timetable, etc., approved by the program's Technical Committee.
- e. All activities financed from the Fund must be carried out in accordance with the Bank's policies and rules.

Proposal for creation of the Fund (draft resolution of the Governing Board)

RESOLUTION _____ OF THE GOVERNING BOARD OF THE LEGISLATIVE ASSEMBLY

WHEREAS:

In the course of efforts to modernize and strengthen the Legislative Assembly there have emerged proposals for the creation of a financial management and administrative control arrangement in the form of a legislative studies program and a special revolving fund to defray the costs of such a program;

The aforesaid proposals have been examined and endorsed by the Special Committee for Modernization of the Legislative Assembly, as evidenced in Minutes ____ of the meeting of _____, 1995;

The Comptroller General of the Republic, by official note ____ dated _____, 1995, to the President of the Legislative Assembly, _____, has endorsed this initiative to set up a special revolving fund for the expeditious management and due oversight of resources allocated to the legislative studies program;

It is in the interest of this Board to have a modern and efficient legislature;

NOW THEREFORE the Governing Board of the Legislative Assembly, in the exercise of the powers vested in it by the Constitution and the law, resolves as follows:

1. There is hereby created a legislative studies program, to coordinate and expedite studies and specialized advisory assistance required for the operation of the full Legislative Assembly and its standing, special, and ad hoc committees, which program shall be administered pursuant to a set of operating regulations and subsidiarily by the general rules governing the administration of public monies.
2. The Special Committee for Modernization of the Legislative Assembly shall examine, at six-month intervals, what was accomplished with funds of the legislative studies program in the preceding six months, and shall determine priorities for an action plan for the following six months.
3. The legislative studies program will be overseen and coordinated by the Director of the Legal and Technical Advisory Office, who is charged with securing the legal and technical services required by the full Assembly and its committees and reports thereon to the Clerk and the President of the Assembly. The foregoing notwithstanding, the Director shall for any decision on the commissioning

of studies or services for this program abide by the six-month action plan and by the decisions of the program's Executive Committee.

4. The commissioning of studies and advisory services under this legislative studies program, regardless of their duration or the time for completion of the services or delivery of the goods in question, shall in every instance be governed by the operating regulations of the Fund which are appended to this resolution.

PANAMA
LEGISLATIVE ASSEMBLY

SPECIAL FUND FOR STUDIES AND ACTIVITIES TO
EXPEDITE THE LEGISLATIVE PROCESS

DRAFT OPERATING REGULATIONS

I. PURPOSE AND DEFINITIONS

1. Purpose

- 1.1 These Regulations set out requirements for the use of a Special Fund for Studies and Support Activities for purposes of the Project to Modernize the Legislature, which is financed in part by the Inter-American Development Bank by way of loan ____, which project is to be carried out by the Legislative Assembly of Panama.

2. Definitions

- 1.2 In these Regulations, the terms listed below shall have the meanings shown for each:

BORROWER AND GUARANTOR: The Republic of Panama

BANK or IDB: The Inter-American Development Bank

ASSEMBLY: The Legislative Assembly of Panama, executing agency for the Project

PROJECT: The Project to Modernize the Legislative Assembly

UNIT: The Technical-Administrative Unit which is to serve as executing unit for the Program

MODERNIZATION COMMITTEE: The committee set up by the Legislative Committee to coordinate, monitor, and carry out the Modernization Project

PROJECT EXECUTIVE COMMITTEE: The body, reporting to the Modernization Committee, that is charged with ensuring that the Project rules are duly applied

LOAN CONTRACT: The agreement signed by the IDB and the Republic of Panama for the financing of the Project

PROJECT FUNDS: The aggregate of the proceeds of the IDB loan and the local counterpart resources

II. OBJECTIVES

- 2.1 The purpose of the Project is to strengthen technical and analytical capabilities in the Legislative Assembly, to equip it to perform its legislative and oversight tasks more effectively and to bolster its management and political consensus-building capacity. The objective of the Fund is to defray the cost of studies and other activities affording technical support for the legislative process.

III. STUDIES AND OTHER ACTIVITIES ELIGIBLE FOR FINANCING

1. Studies

- 3.1 **Basic general studies** of a regional or sectoral nature, including research required for in-depth analysis of a bill before the legislature.
- 3.2 **Technical studies** to help determine whether a bill before the Assembly should or should not be passed, from a legal, technical, environmental, financial, economic, or institutional standpoint.
- 3.3 **Supplementary studies** on a bill, to complete the information required for its processing in the legislature.

2. Support activities

- 3.4 **Seminars and other meetings** to inform the public about a bill before the legislature. Such gatherings may also be organized to seek input from communities that would be affected by the enactment of a law, to elicit their views on its potential impact.
- 3.5 **Technical workshops** on a bill before the legislature, to inform law-makers of the various technical alternatives.

IV. SELECTION CRITERIA FOR STUDIES AND SUPPORT ACTIVITIES

- 4.1 To be eligible for funding, a proposed study or activity must be on the legislative agenda for the session during which it would be carried out, and must have been cleared by the Committee for Modernization of the Legislative Assembly. Each proposal must

state the problem(s) to be addressed, possible solutions, and consulting and other support needed, and must include the cost of the study or activity and a timetable for its completion.

V. USE OF MONIES OF THE FUND

- 5.1 Monies in the Fund shall be used to engage the services of consultants, from IDB member countries only, to carry out studies and other activities in accordance with these Regulations and with the Bank's rules and requirements.
- 5.2 The maximum that may be drawn from the Fund to defray the cost of any one study or activity shall be the equivalent of US\$20,000. The foregoing notwithstanding, for a study or activity considered to merit funding in excess of that ceiling, authorization may be sought in advance from the Bank for a higher amount. In such event the Assembly shall, after examining the request, forward information on the study or activity together with its endorsement and favorable recommendation.
- 5.3 Prior authorization from the Bank will not be required to draw on the Fund to pay for an operation costing less than US\$20,000, provided however that the Executing Agency shall in every instance adhere to the Bank's rules for the selection and hiring of consultants.
- 5.4 The contracts for studies and advisory services shall include no condition that runs counter to the terms and conditions approved by the Project Executive Committee; any question in this regard shall be returned to the Committee for clearance. The Internal Audit Office shall ensure that this requirement is satisfied.
- 5.5 The Fund shall not be used to defray general or administrative costs of the Assembly or of any public or private-sector entity.

VI. SUBMITTAL AND PROCESSING OF APPLICATIONS FOR FUNDING

- 6.1 **Applications.** The following basic information shall be furnished in every application for financing of a study or other activity to advance the legislative agenda:
 - a. Background
 - b. General and specific objectives
 - c. Rationale for the study or activity
 - d. Preliminary terms of reference (tasks and expected outputs, number and frequency of reports, etc.)

- e. Technical profile of the professional services required
 - f. Itemized budget of the study or support activity
 - g. Sequencing and monitoring arrangements for the study
 - h. Expected outputs and outcomes of the study or institutional support activity, in the course of its execution and upon completion
- 6.2 **Eligibility.** The Modernization Committee, after clearance from the Executive Committee and on the basis of information furnished by the Unit, will approve a proposed study or activity and add it to the six-month work plan of studies and support activities. To be eligible for funding, a study or activity must pertain to the legislative agenda approved by the Assembly.
- 6.3 **Preparation of documentation.** When the Modernization Committee has declared a study or activity eligible for funding, the Unit shall help prepare and present the formal proposal. To that end, and to monitor each study or activity, the Executive Committee shall set up ad hoc working committees. The Unit shall check the technical and economic elements of the final documents.

VII. SELECTION AND HIRING OF CONSULTING FIRMS AND INDIVIDUAL CONSULTANTS

- 7.1 **Selection and hiring.** Responsibility for selecting consultants shall rest with the Legislative Assembly, which also shall have or shall delegate responsibility for their hiring. These activities shall be carried out in accordance with the IDB's standard procedures in this regard.
- 7.2 **Selection to be based on technical qualifications.** The consultants selected must have the expertise and experience required to successfully perform the tasks set out in the terms of reference.
- 7.3 **Consultants required to be from IDB member countries.** The Fund shall be used to pay for the services of hired consultants who shall in every instance be from IDB member countries. Neither the Borrower nor the Executing Agency nor the United Nations Development Programme (UNDP) shall impose any provision or condition that would restrict, limit, or preclude the participation of consultants or consulting firms from the Bank's member countries.
- 7.4 **Contracts entered into by the Executing Agency (or UNDP) and suppliers of consulting services shall stipulate the following:**
- a. The currency of payment of fees, pursuant to the Bank's procedures.

- b. Reporting obligations of each supplier of consulting services.
- c. The requirement that the final payment under the contract shall be contingent upon acceptance of the final report on the activity in question by the Project Executive Committee, by the Unit, and by the Bank.

VIII. DISBURSEMENTS

- 8.1 The Fund to be administered by the Unit shall consist of the proceeds of the IDB loan and the local counterpart resources. Funds from those two sources shall be deposited, as requested and received, in an account ...
- 8.2 Before disbursing funds, the Unit shall in every case verify that all the agreed conditions have been fulfilled and shall review the supporting documentation furnished; if satisfied, the Unit shall direct that payment be made to the consultant(s).

IX. MONITORING OF OPERATIONS

1. Supervision

- 9.1 The Assembly shall have ultimate responsibility for the oversight of studies. The Unit and the IDB shall monitor progress on studies being paid for out of the Fund. When a study is completed, the Executive Committee and the Unit shall examine the consultant's draft final report and make known their opinion within fifteen (15) days. In their final report the consultants shall address the comments made by the Executive Committee and the Unit.
- 9.2 Operations for the legislative study program shall be headed and coordinated by the Director of the Legal and Technical Advisory Office, who is charged with securing the legal and technical services required by the full Assembly and its committees and reports thereon to the Clerk and the President of the Assembly. The foregoing notwithstanding, the Director shall for any decision on the commissioning of studies or services for this Program abide by the six-month action plan and by the decisions of the Program Executive Committee.
- 9.3 For each study or specialized advisory service there shall be appointed one person to assume direct responsibility, on behalf of the Legislative Assembly, for execution, monitoring, and expediting of the work, for taking receipt of and accepting required reports and other documents, and for monitoring compliance with any other

technical or operational covenant in the contract. This supervisor shall keep the Unit apprised of progress being made on the study or activity being funded.

- 9.4 The Assembly shall facilitate the oversight of consulting services by the Unit, the Executive Committee, and the Bank, and shall send to the Bank, through the Unit, such reports as the Bank may request, in accordance with the conditions of the loan. If it should be determined, in the course of such oversight, that a study is not being performed as provided in the consulting contract, the Unit may take on direct responsibility for overseeing the study.
- 9.5 Any dispute in connection with a study or advisory service or with the acceptance of its findings or outcome shall be reviewed and settled by the Project Executive Committee, which shall duly report thereon to the Special Committee for Modernization of the Legislative Assembly.
- 9.6 At six-month intervals throughout the Project, the Unit shall furnish reports to the IDB containing, *inter alia*, the following information:
- a. The six-month work plan of studies and support activities pertaining to the legislative agenda for which support is being sought
 - b. The status of ongoing studies and support activities, with a detailed profile of each
 - c. The findings of studies and outcomes of support activities completed during the preceding six months.

2. Accounting information

- 9.7 Banco Nacional (or UNDP) shall account separately for expenditures of monies from the Fund and shall code such expenditures in accordance with the chart of accounts agreed upon in each case with the Unit.
- 9.8 Every six months, Banco Nacional (or UNDP) shall provide the Unit with financial statements using the models agreed upon with the Unit.

3. Evaluation

- 9.9 Upon completion of the studies and support activities, the Unit shall provide the Executive Committee with a report on the findings and recommendations of the studies, with the Unit's comments. Every six months until the studies and activities are completed the Unit shall present a report stating whether and to what extent they have advanced the legislative agenda.

X. FINAL PROVISION

- 10.1 These Regulations may be amended by agreement in writing of the parties. Matters not specifically addressed in the Regulations shall be governed by the loan contract to be signed by the Bank and the Republic of Panama. In the event of a discrepancy between the loan contract and these Regulations, the loan contract shall prevail.

Appendix I
RGII-PN021T
PN-0078
Original: Spanish

PROPOSED RESOLUTION

PANAMA. TECHNICAL COOPERATION LOAN FOR A PROJECT TO
MODERNIZE THE LEGISLATURE

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreements as may be necessary with the República de Panamá and to adopt such other measures as may be pertinent for the execution of the program of technical cooperation described in Document _____, the objective of which is the modernization of the legislature.

2. That up to the sum of US\$2,800,000, or its equivalent, is authorized for the purposes of this resolution, chargeable to the resources of the Bank's Ordinary Capital.

3. That the above-mentioned sum shall be provided on a reimbursable basis, in accordance with the respective conditions which shall be set forth in the agreement to be signed for this operation.